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Japan

Reportage on Visit by Soviet Envoy Primakov

Arrives Thursday

OW0407040091 Tokyo KYODO in English 0340 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—Yevgeny Primakov, a top adviser to Soviet President Mikhail Gorbachev, arrived in Tokyo on Thursday for talks with Prime Minister Toshiki Kaifu.

Primakov, who will meet Kaifu later in the day, is expected to seek support for an economic aid request that Gorbachev will make at the summit in London in mid-July of seven leading industrial nations.

Primakov is slated to brief other Japanese leaders about the aid request during his four-day visit.

Gorbachev will officially unveil the plan at the end of the July 15-17 summit of the United States, Japan, Canada, Britain, France, Germany, and Italy.

During Gorbachev's visit to Tokyo in mid-April, the Soviet president urged Japanese political and business leaders to help the Soviet Union switch to a market-oriented economy.

Japan has said it opposes extending substantial aid to the Soviets until a bilateral territorial dispute is resolved.

Tokyo has long called for the return of the islands of Etorofu, Kunashiri, and Shikotan, and the Habomai group off northern Japan. The Soviet Union seized them at the end of World War II and has occupied them ever since.

Discusses Gorbachev Pre-London Plan

OW0407090791 Tokyo KYODO in English 0853 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—Soviet President Mikhail Gorbachev plans to hold bilateral meetings with each of the seven leaders attending the July 15-17 economic summit of leading industrialized nations slated for London, Presidential Aide Yevgeniy Primakov said Thursday.

"President Gorbachev is going to meet all of the leaders bilaterally," Primakov said before talks with Prime Minister Toshiki Kaifu.

Asked whether the Soviet Union expects concrete pledges of aid during the London summit, Primakov replied, "we are at the beginning of the process," of seeking economic assistance.

Primakov arrived earlier in the day for a four-day visit in which he is expected to brief Japanese Government leaders on Soviet programs for economic reform.

Meanwhile, Chief Cabinet Secretary Misoji Sakamoto told a news conference that Japan and the Soviet Union are arranging a bilateral meeting in London.

Gorbachev has been invited to address the leaders of the United States, Japan, Germany, France, Britain, Canada, and Italy at the end of the annual summit.

Sakamoto said that Japan's demand for a resolution of a longstanding territorial dispute over four small islands north of Hokkaido, and the Soviet Union's plans for economic development, are likely topics for discussion between Kaifu and Gorbachev.

The meeting would be their second following Gorbachev's historic visit to Japan in April, the first by a Soviet leader.

Six rounds of talks failed to find a solution to the territorial dispute, which Japan says must be resolved prior to concluding a peace treaty.

Japanese officials have been playing down the territorial dispute in recent days, saying they fear that Japan could be viewed as provincial by other summit leaders if it refuses to aid the Soviet Union.

USSR Aid Talks

OW0407105391 Tokyo KYODO in English 1041 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—Soviet special emissary Yevgeniy Primakov told Japanese Prime Minister Toshiki Kaifu on Thursday that reforms in the Soviet Union would be accelerated by international assistance.

Primakov, an adviser to President Mikhail Gorbachev, made the remarks during an hourlong meeting with Kaifu and Foreign Minister Taro Nakayama, Foreign Ministry officials said.

Officials said Primakov also confirmed Gorbachev plans to hold individual meetings with each of the leaders from seven major industrial countries attending the July 15-17 London summit.

Speaking on behalf of Gorbachev, the special envoy reportedly said the Soviet Union is striving to implement free-market economic reforms and democratization, as well as play a part in the global economy.

Primakov, who arrived in Japan earlier Thursday, told Kaifu and Nakayama that Moscow wants to see reform and international assistance promoted together in a "synchronized" manner.

"Depending on the type of assistance extended, the speed of reform is subject to change," he was quoted as saying.

Primakov said Gorbachev will not be mentioning any "concrete figures" for financial assistance to the Soviet Union when he meets all summit leaders together after their annual conference.

Instead, the Soviet leader will explain Moscow's line of thinking on the process of reform and call for their help to ensure its irreversibility.

Primakov said Gorbachev has yet to make a final decision on what path to take toward reform. He said the Soviet leader "has his own idea" and will make it clear in London, according to the Japanese officials.

Gorbachev is reportedly considering a radical plan drawn up by former Russian Federation Deputy Premier Grigoriy Yavlinskiy and Harvard University of the United States, and a moderate plan drawn up by Soviet Premier Valentin Pavlov.

But officials said Primakov stressed that the two plans "have many points in common," indicating that Gorbachev may incorporate both plans in his own idea.

Officials said Kaifu responded that while Japan wants to support perestroika, its ultimate success depends on the self-help efforts of the Soviet Union.

Kaifu told Primakov that Japan is considering what kind of technical and intellectual assistance is most appropriate to support those efforts.

But the prime minister indicated it is yet unclear what path the Soviet Union is going to choose in order to realize its reform goals.

Kaifu said in considering support for the Soviet reform process, Japan is waiting for the Soviet Union's "new thinking diplomacy" to assume a global dimension.

The reference was to Japan's linkage of large-scale financial assistance for Moscow to the two countries' dispute over a group of islands off Hokkaido seized by the Red Army at the end of World War II.

Officials quoted Primakov as saying that prior to his departure from Moscow, Gorbachev instructed him to convey the Soviet Union supports the significant role Japan is assuming in international political and economic arenas.

More Aid Talks

OW 0407145191 Tokyo NHK General Television Network in Japanese 1236 GMT 4 Jul 91

[Interview with Yevgeniy Primakov, Soviet special envoy and former member of the USSR Presidential Council, by anchorman Tadashi Sonoda on 4 July; place not given from "NHK News 21" program;—recorded; Primakov speaks in Russian with superimposed Japanese translation; following is from the Japanese]

[Text] [Begin recording] [Sonoda] The Japanese Government, which faces the Northern Territories issue, is negative toward aid to the Soviet Union. You met Prime Minister Kaifu today. What did you and he talk about, and what was Prime Minister Kaifu's response?

[Primakov] My visit to Japan this time is not a personal one. I have come from the office of the Soviet president. President Gorbachev sent me to Japan. My mission is to explain to Japanese leaders about the actual situation of the Soviet Union with the London summit just around the corner. I came to explain about the progress in the switch to a market economy and in the democratic reform of society. I generally am satisfied with the talks I had today. The Japanese side showed a deep interest in the sucess of the shift to a market economy. Questions were raised even on minute details. I explained in detail.

[Sonoda] I presume President Gorbachev will make a variety of proposals at the London summit regarding economic aid to the Soviet Union, but what specific proposals will he make? Will he make a request for financial aid? If he should ask for financial assistance, roughly what amount does he have in mind?

[Primakov] That question has been much talked about lately in the international community. It appears that the press and television are making a sport of the amount of financial aid the West is to provide the Soviet Union. As a matter of fact, President Gorbachev is not going to London to beg for something. I do not think he will mention the amount of financial aid. The Soviet Union today is trying to take part in the world economy and to carry out the opening of the Soviet economy. Therefore, he is going to London to request that the West not obstruct or check the Soviet Union, but instead support it in those efforts.

[Sonoda] Regarding economic aid to the Soviet Union, the United States seems to attach such political conditions as reductions of Soviet military spending and flexible policy towards the three Baltic states. Is the Soviet Union prepared to accept such political conditions?

[Primakov] I have been to the United States, but there was no condition whatsoever attached by the U.S. side to aid to the Soviet Union. This is different from a diagram in which one side demands something while the other prostrates itself on the ground, begging. I do not understand whence that sort of information is circulated. Regarding reductions in military spending, that is our independent policy. These reductions are by no means carried out upon demand or pressure from outside. The state budget must be normalized, and fiscal deficits must be eliminated. To that end, naturally there is no other way but to cut back expenditures. If expenditures are to be cut back, military spending, which is the biggest item of expenditure, has to be reduced. Therefore, I think the idea that it is conditional is incorrect. [end recording]

[Sonoda] In addition, Mr. Primakov discussed the moves in the Soviet Union in which former Foreign Minister Shevardnadze and other radicals are trying to set up a new party. He said that the movement is not for forming a new party but for unifying democratic forces in the Soviet Union and for supporting the shift to a market economy. He thus denied the view that this movement might lead to a split in the CPSU.

Meets Watanabe

OW0407124291 Tokyo KYODO in English 1224 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—Meanwhile, Primakov met with Deputy Foreign Minister Koji Watanabe for two hours, briefing him about ongoing economic reforms in the Soviet Union.

Officials said Primakov explained a plan to establish a fund to stabilize the Soviet ruble. He said the fund is aimed at unifying the three ruble exchange rates existing at present and harmonizing the Soviet economy with the international economic framework.

Primakov said Washington has advised Moscow to apply for associate membership status in the International Monetary Fund (IMF) before attempting to become a formal member. The seven summit leaders, meeting in London in mid-July, are expected to approve the move.

The Soviet Union wants to join the financial institution in order to qualify for assistance programs.

As an associate member, Moscow would not be allowed to obtain IMF loans, but could draw on the IMF's expertise in setting up the structure needed to operate a market-oriented economic system.

Meets Nakao

OW0507115491 Tokyo KYODO in English 1121 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—Soviet special emissary Yevgeniy Primakov indicated Friday that Soviet authorities have high expectations for a Japanese Government mission to study the proposed conversion of the Soviet military industry into one producing nonmilitary products, Japanese officials said.

Primakov, an adviser to President Mikhail Gorbachev visiting Japan, told International Trade and Industry Minister Eiichi Nakao that the Japanese group to be sent by Nakao's ministry on July 16 can see anything while in the Soviet Union, the officials said.

They quoted Primakov as saying the Soviet military industry has the nation's most skilled labor, highest technology, and the best brains, and its conversion is a crucial question for the Soviet economy.

Primakov and Nakao held an hour-long meeting to discuss Soviet economic problems and other issues.

Government Policy Worked Out on Soviet Aid

OW0407091691 Tokyo KYODO in English 0851 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—The government worked out a policy on Thursday to refrain from promising financial aid to the Soviet Union but to give it continued moral support at the London summit of seven major industrial nations July 15-17, officials said.

The officials said Japan will support the U.S.-proposed Soviet associate membership in the International Monetary Fund (IMF) and promise to continue technical aid to the Soviet Union in support of its perestroika programs.

On the Uruguay Round of multilateral trade negotiations, Japan will strongly urge at the summit that substantial progress be made by this summer and settlement reached within this year, they said.

They also said Japan will express strong concern over the European Community (EC)'s 1992 integration and the proposed creation of a North American Free Trade Zone, saying the possible creation of new economic blocs could weaken the global free trade system.

The officials noted Soviet associate membership in the IMF would give the Soviet Union an opportunity to receive IMF advice in formulating fiscal and monetary policies.

They said Japan will coordinate with the United States before the summit on the proposed removal of European Bank for Reconstruction and Development (EBRD) ceilings on aid to the Soviet Union.

Bank To Extend Millions to European Countries

OW0507104291 Tokyo KYODO in English 1018 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—The president of the Export-Import Bank of Japan said Friday his bank will extend 450 million dollars' worth of loans to three East European countries to help them in their efforts to transform themselves into free-market economies.

Mitsuhide Yamaguchi told reporters that, of the total amount, 200 million dollars will be offered to Czechoslovakia, 150 million dollars to Hungary, and 100 million dollars to Bulgaria.

He said the loans will be extended in cooperation with the World Bank.

Regarding 500 million dollars worth of financial aid Prime Minister Toshiki Kaifu promised to Polish leaders during his visit to Warsaw in January 1990, Yamaguchi said his bank will offer the aid in the form of investment funds for Japanese companies entering the Polish market.

As for aid to the Soviet Union, Yamaguchi said the Export-Import Bank has started final-stage negotiations with Soviet authorities on a 100 million dollar emergency loan for purchases of food and medical supplies.

Nations Discuss Aid to East European Countries

OW0507125291 Tokyo KYODO in English 1231 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—Seven major industrial nations will discuss aid to the struggling East European countries when their leaders meet in London July 15-17, government sources said Friday.

The seven leaders will reaffirm their backing for an economic restructuring program for Poland, Hungary, and Czechoslovakia approved by the Organization for Economic Cooperation and Development (OECD) in June, the sources said.

The financial and other types of aid to the formerly Communist nations, under dramatic transformation into market-oriented economies, will come in response to their concerns that Western countries are too preoccupied with rescuing the beleagured Soviet Union to pay attention to their hardships.

The seven countries taking part in the London summit are the United States, Japan, Germany, France, Britain, Italy, and Canada.

Government, LDP Agree To Cut Rice Price

OW0407005191 Tokyo KYODO in English 0030 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—The government and the ruling Liberal Democratic Party agreed Thursday to cut the rice price paid to farmers for the 1991 crop by 0.65 percent from 1990 levels, officials said.

The price cut, subject to formal approval by the Rice Price Council, would be the second in as many years, but is much less than the government was aiming for in its quest to scale down the level of government protection given farmers.

Officials said the government did not press its original claim seeking a cut of more than 1 percent, intended to stem foreign criticism of Japan's rice market, because of strong opposition by members of the ruling party who depend heavily on farmer support.

The reduction, to an average 16,392 yen per 60 kilograms, is expected to win approval later in the day by the Rice Price Council, an advisory body to the minister of agriculture, forestry and fisheries.

The government regulates and subsidies the domestic rice market, buying much of the rice crop and reselling it to consumers at lower prices.

Last year, the government decided to cut the price paid to rice growers, known as the producer rice price, by 1.5 percent for the 1990 crop.

Further Price Cuts

OW0407020291 Tokyo KYODO in English 0114 GMT 4 Jul 91

[Text] Tokyo, 4 Jul KYODO—Producer prices for rice were cut by 5.95 percent for the 1987 crop, and by 4.6 percent for the 1988 crop, but left unchanged for the 1989 crop, as the LDP faced national elections that year.

The agreement came after overnight haggling that pitted the Finance Ministry against the Ministry of Agriculture, Forestry and Fisheries and ruling party members.

With the subsidy costing the government hundreds of billions of yen a year, the Finance Ministry pressed for a bigger cut in the producer rice price and for dismantling the system under which subsidies are paid to encourage rice farmers to sell more rice on the open market.

But the ministry's effort to cut government spending on rice farmers failed under strong political pressure from the ruling party, officials said.

Rice that is not subject to government price controls now comprises about 70 percent of total rice production, government sources said.

Kaifu Says Rice Market To Remain Closed

OW0507055591 Tokyo KYODO in English 0543 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—Japanese Prime Minister Toshiki Kaifu again emphasized the government's policy of keeping its rice market closed in face of mounting pressures to let in foreign imports.

"The government's policy is coherent," he reportedly told a group of five representatives from the ruling and opposition parties visiting his official residence Friday morning, assuring them that he will continue supporting self-sufficiency in rice.

The group, which included Shuji Kita from the Agriculture, Forestry, and Fisheries Committee of the House of Councillors, asked him to remain faithful to a Diet resolution on rice import prohibition when he attends the July 15-17 seven-nation economic summit in London.

Rice Trade Will Not Be Helped by Tariff System

OW0407053691 Tokyo KYODO in English 0509 GMT 4 Jul 91

[Text] Geneva, July 4 KYODO—Japan opposed the idea of replacing all barriers to rice trade with a tariff system during talks on the issue in Geneva earlier this week, informed sources said Thursday.

The General Agreement on Tariffs and Trade (GATT) talks held early this week are aimed at reaching a solution to the deadlocked rice trade issue.

Negotiators from 35 countries gathered to review a draft agreement presented by GATT Director General Arthur Dunkel calling for the settlement of agricultural disputes on the basis of "tariffication."

According to sources at the talks, Japan is arguing that "tariffication" is only one option available and says it would oppose the idea of replacing all trade barriers to rice with tariffs.

The sources added Japan is stressing its view that keeping the rice market closed is justifiable so as to maintain "food security."

The two-day meeting concluded without any concrete resolutions for the next GATT trade negotiations committee session on rice scheduled for July 29 in Geneva, the sources added.

Meanwhile, in Tokyo, the ruling Liberal Democratic Party has agreed that Japan will continue its self-sustenance stance on the rice issue in the Uruguay Round of multilateral talks.

Economic Sanctions on South Africa To Be Lifted

OW0507110291 Tokyo KYODO in English 1046 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—Japan plans to lift economic sanctions against South Africa after the summit meeting of seven major industrialized nations in London set for July 15-17, government officials said Friday.

According to the officials, a political declaration to be issued by leaders of the seven major economic powers is expected to recognize Pretoria's reform efforts toward a democratic society.

On June 21, the Japanese Government announced a decision to lift some sanctions against South Africa in response to Pretoria's repeal of the last legal pillar of apartheid. Based on the decision, Tokyo immediately resumed issuing tourist visas to South Africans, and stopped advising Japanese tourists against visiting the country.

But Japan's economic sanctions such as a ban on all direct investment by Japanese firms and iron and steel imports remain, awaiting implementation of democratic and civil rights measures by South Africa. The other economic sanctions left intact are a ban on computer sales to apartheid-linked institutions such as police and the armed forces, and suspension of air links between the two nations.

Tokyo will make a final decision on the timing of lifting those sanctions after closely examining negotiations on the release of political prisoners between the South African Government and the African National Congress (ANC), according to the officials.

On Wednesday, South African President F.W. de Klerk said that the government and the ANC, the biggest black organization, had reached an accord on the release of all detainees.

In his opening speech on the first day of the ANC's congress, ANC leader Nelson Mandela denied the accord the same day and charged the president with duplicity over the prisoners issue. According to the ANC, more than 950 political prisoners are still being held by the government.

After lifting the economic sanctions, the Japanese Government plans to begin negotiations on establishing full diplomatic ties with Pretoria and to invite the South African president to Japan, the officials said. Japan established consular recognition of South Africa in 1952, but has not yet normalized diplomatic relations.

'All' Sanctions To Be Lifted

MB0307160691 Johannesburg Radio RSA in English 1500 GMT 3 Jul 91

[Text] Japan has decided to lift all sanctions against South Africa and set up full diplomatic relations between the two countries after the Group of Seven summit meeting in London later this month, says the top selling Japanese newspaper Yomiuri Shimbun.

The newspaper also says Japan is considering inviting President de Klerk of South Africa (?to Tokyo). Another Japanese newspaper Tokyo Shimbun has reported that the Japanese Government will end sanctions against South Africa in late July and coordinate its policy on South Africa with the United States and Europe.

Yomiuri Shimbun quoted government officials as saying the Japanese Government had made its decision to lift sanctions because of the release of political prisoners and the approaching negotiations between the South African Government and the African National Congress.

However a spokesman for the Foreign Ministry in Tokyo said no decision had been made and the government was watching developments in South Africa closely. The Japanese Government recently lifted curbs on tourism as well as cultural and sporting exchanges with South Africa but decided to retain economic sanctions until the dismantling of apartheid had been completed. A spokesman said the release of political prisoners was a precondition for Tokyo to lift trade sanctions and that this issue was still unsettled.

Government, U.S. Opposed To Charter Revision

OW0407091191 Tokyo KYODO in English 0855 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—Japan and the United States are opposed to a proposal to raise the European Bank for Reconstruction and Development (EBRD)'s ceiling on aid to the beleagured Soviet Union, government sources said Thursday.

This is expected to bring them into conflict with the European Community (EC), which conceived the idea, when the leaders of the world's seven major industrial countries meet in London on July 15-17.

The EC proposal is intended to revise part of the bank's charter, which puts a 720 million dollar ceiling on loans to the Soviet Union for the first three years after the bank's inauguration in April.

Since the proposed revision needs 85 percent approval in terms of capital from member countries, opposition from Washington and Tokyo is enough to kill it.

The United States and Japan account for 10 percent and 8.51 percent, respectively, of the London-based bank, capitalized at 12 billion dollars.

Prime Minister Toshiki Kaifu and U.S. President George Bush are expected to reaffirm their opposition to the plan when they meet in Kennebunkport, Maine, next week, the sources said.

Police Search Firm Implicated in Arms Smuggling

OW0507050991 Tokyo KYODO in English 0441 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—Police searched the Tokyo offices Friday of a major aerospace electronic equipment maker suspected of illegally exporting missile parts to Iran during the Iran-Iraq war.

The Metropolitan Police Department searched the Shibuya head office and 12 other offices of Japan Aviation Electronics Industry Ltd. looking for evidence of whether the firm violated the Foreign Exchange and Trade Control Law, officials said.

Japan Aviation Electronics allegedly illegally imported from Iran, beginning in 1983 while the Iran-Iraq war was

raging, pieces of the flight control mechanism of U.S.-made "Sidewinder" air-to-air missiles. Phantom jet fighters of the Iranian Air Force were equipped with the heat-seeking missiles.

The firm repaired the equipment in Japan and smuggled the parts, estimated to have been worth 40 million yen altogether, back to Iran, police believe.

The pieces repaired were flywheels, part of the flight control system of the antiaircraft missiles. Japan Aviation Electronics is a leader in Japan in such technology, and is a major supplier of such parts to Japan's Air Self-Defense Force.

Police suspect the firm obtained import and export permits for the shipments from the Ministry of International Trade and Industry (MITI) by submitting falsified applications. MITI plans to file a charge against the company, ministry officials said.

The firm allegedly arranged the shipments through an Australian broker in Singapore, according to police.

Police began investigating the Japanese firm after receiving information on the illegal sales from U.S. intelligence sources, according to police sources.

The Metropolitan Police Department has questioned company officials about the matter and the firm has confirmed the allegations, officials said.

Police intend to recommend charges be laid against company executives when they forward the findings of their investigation to prosecutors, they said.

Investigators believe Iran arranged to have the missiles repaired illegally in Japan because it was unable to order spare parts directly from the missile's U.S. manufacturer due to an arms embargo imposed by the United States on Iran. Iran bought high-tech weapons from the U.S. before the 1979 Islamic revolution.

The U.S. severed diplomatic ties with Iran in April 1980, five months after Iranians seized the U.S. Embassy in Tehran and took 52 American hostages. Iran went to war with Iraq in 1980, a war not ended until 1988.

The Japanese Government virtually bans weapon exports under three criteria; it prohibits arms exports to communist countries, to countries to which the United Nations forbids arm exports, and to countries directly involved in international conflicts or countries likely to be concerned with such conflicts.

Japan Aviation Electronics, which is affiliated with NEC Corp., was established in 1953. It specializes in aeronautical inertial navigation equipment and automatic control systems using gyros and accelerometers.

Police arrested two Toshiba Machine Co. officials in May 1987 for illegally exporting to the Soviet Union special machine tools used to smooth the propeller blades of nuclear-powered submarines, making the subs virtually impossible to detect acoustically.

MITI subsequently banned all exports by Toshiba Machine, one of the world's largest machine tool makers, to communist countries for one year.

Missile Manufacturer To Be Penalized Says Kaifu

OW0507084091 Tokyo KYODO in English 0828 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—Prime Minister Toshiki Kaifu said Friday he will order authorities to penalize a major aviation parts maker for allegedly exporting missile parts to Iran in violation of a ban on arms exports.

"I will ensure strict treatment (of the maker) after elucidating the details of the case in accordance with laws," Kaifu told reporters at his official residence.

His comment came a few hours after police raided the offices of Japan Aviation Electronics Industry, Ltd., a Tokyo-based affiliate of NEC. The company was suspected of breaching Japan's Foreign Exchange and Trade Control Law by falsifying export documents for the shipments of the missile parts to Iran.

Kaifu told the reporters the missile parts shipment incident differs from the issue of a proposed stiffening of multilateral controls on arms exports, an issue which the Japanese Government had planned to advocate at the upcoming London summit of seven major industrial nations in mid-July.

Meanwhile, Defense Agency officials said they suspect the defense contractor exported gyros, crucial parts in the aeronautical navigation equipment for use in Sidewinder air-to-air missiles. "The allegation that it exported mere flywheels is inconceivable as it is proficient in the technology of gyros built in missiles' bodies," said a weapons system expert at the agency.

He said, "The allegation may be an attempt to hush up the fact that it has been exporting more crucial missile parts."

Japan Aviation Electronics Industry is the top maker of gyros for use in the Sidewinder missiles mounted on the jet fighters of Japan's Air Self-Defense Force (ASDF).

The manufacturer has been producing gyros for Sidewinder missiles as a subcontractor under an arrangement with Mitsubishi Heavy Industries, Ltd. Mitsubishi was earlier licensed by U.S. arms makers of Sidewinder missiles to manufacture the missiles in Japan, the agency officials said.

They said it is difficult to place a ban on official purchases of the parts from Japan Aviation Electronics Industry, as the components are essential to ASDF missiles and other weapons.

Meanwhile, Chief Cabinet Secretary Misoji Sakamoto told a news conference, "The government will strengthen its guidance toward the maker if necessary."

Foreign Minister Taro Nakayama also said, "The government will deal with the incident after confirming the details (of the alleged illegal export)."

Police investigators suspect the firm imported Sidewinder missile parts from Iran, repaired and reexported them to that country beginning in 1983 while the Iran-Iraq war was raging.

Phantom jet fighters of the Iranian Air Force were equipped with the heat-seeking air-to-air missiles.

Kaifu To Express Concern About Scandal to Bush

OW0307235491 Tokyo KYODO in English 2309 GMT 3 Jul 91

[Text] Tokyo, July 4 KYODO—Prime Minister Toshiki Kaifu will express his deep concern about the recent stock scandals involving Japan's "Big Four" brokerage houses when he meets U.S. President George Bush July 11, a government source said Thursday.

The two leaders are to meet at Bush's vacation home in Kennebunkport, Maine, next week ahead of the London summit of seven Western powers July 15-17.

"The stock scandals are of major concern to both Japanese and U.S. leaders amid worsening feelings among the U.S. public at Japanese penetration of the U.S. financial industry. The premier will be obliged to touch on the issue," the source said.

The "Big Four" securities firms—Nomura, Nikko, Yamaichi, and Daiwa—are under attack for compensating major institutional investors for stock and bond losses and for manipulating stock prices for the benefit of gangsters.

The U.S. Securities and Exchange Commission, the U.S. Government agency which polices the securities industry, has launched an investigation into whether U.S. subsidiaries of the "Big Four" Japanese securities companies were involved in the compensation scandal.

More on Stock Scandal

OW0407051091 Tokyo KYODO in English 0406 GMT 4 Jul 91

[Text] Tokyo, July 4 KYODO—Kaifu told reporters Thursday it is "very unfortunate" that the scandal has led to investigations of Japanese stockbrokers in the United States and Britain.

"We are in the process of establishing a fair stock market," the prime minister said. Kaifu said the government plans to "actively try to improve" market practices but he did not mention specific measures.

Meanwhile, Deputy Chief Cabinet Secretary Nobuo Ishihara said that was too early to say whether the stock scandal could become an international political issue.

"Viewed from abroad, this is not a favorable development. We hope the situation is normalized soon," Ishihara told a regularly scheduled news conference.

Hitachi Acknowledges Reimbursement From Nomura

OW0407154191 Tokyo KYODO in English 1502 GMT 4 Jul 91

[Text] Tokyo, July 4 (KYODO)—Electrical machinery giant Hitachi Ltd. on Thursday virtually acknowledged a report that it received compensation from Nomura Securities Co. for its stock-trading losses.

But Tokyu Corp. flatly denied reports that the railway company also received compensation.

Japan's leading economic daily, the NIHON KEIZAI SHIMBUN, reported that Nomura, the world's biggest brokerage house, paid 3 billion yen each to Hitachi and Tokyu in the year ended March 31 to cover their losses in early 1990 from the slumping Tokyo stock market.

The reports came in the wake of a series of disclosures over Nomura's dubious payouts to favored clients and its links with crime syndicate figures, which have already cost the job of former Nomura President Yoshihisa Tabuchi.

Nomura has refused to comment on the report that it compensated Hitachi and Tokyu or to release the names of the clients it compensated.

The Ministry of Finance has also refused to release the clients' names.

"We would like to refrain from announcing the names, since this is something brokerage firms are supposed to report voluntarily," Takao Hotta, an official of the ministry's securities bureau, told a committee of the House of Councillors on Thursday.

Asahiko Isobe, a Hitachi managing director, told a press conference that the company suffered losses totaling 500 million to 1 billion yen from its 20 billion yen investment in a so-called "eigyo tokkin," or discretionary account, offered by Nomura when the stock market tumbled early last year.

By the end of March, however, Hitachi discovered the investment had somehow produced gains worth "less than 50 million yen."

Isobe attributed the sudden gain to a shift of part of Hitachi's investment to bonds and other less risky financial vehicles from stocks.

But with the Tokyo stock market off 20 percent from the end of January to the end of March, it would be virtually impossible for such a shift alone to offset the hundreds of million of yen in losses, let alone produce a profit.

"Since we totally entrusted the fund to Nomura, we don't know whether the gain was due to compensation from Nomura or not," he said. "But at least we have never asked for reimbursement ourselves."

Eigyo tokkin funds, popular among Japanese investors in the late 1980s, give brokers the authority to make investment decisions on their clients' behalf.

Since Japanese securities companies were believed to have been compensating clients for losses in the funds, the

Finance Ministry issued a directive in December 1989 urging the securities industry to phase them out.

Former Nomura President Tabuchi has said the ministry had given his firm the green light to compensate institutional clients and to report those payments as trading losses.

Finance Minister Ryutaro Hashimoto denied the charge, although a high-ranking ministry official said the ministry was aware of the payouts.

Meanwhile, Tokyu Managing Director Shinobu Shimizu called reports that his company received compensation groundless, saying the company had not invested in tokkin funds since March 1988, well before both the ministry directive and the early 1990 market crash that led many brokerages to compensate their clients.

He also criticized Nomura for arranging loans for Susumu Ishii, former boss of the Inagawa-kai, one of Japan's most powerful crime syndicates, to make heavy purchases of the Tokyu stock, pushing its price up sharply.

"We are very regretful that a persona non grata (like Ishii) held our shares," he said. "Even if it is not illegal, Nomura's practice is contrary to corporate ethics," he said.

Shimizu said Tokyu may drop Nomura as the lead manager for its fund raising activities.

'Sharp Differences' Reported in Declaration Talks

OW0507130091 Tokyo KYODO in English 1241 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—Japan and the European Community (EC) may be unable to issue a joint declaration on their global relationship in July because of sharp differences, Foreign Ministry sources said Friday.

Prime Minister Toshiki Kaifu and EC leaders earlier planned to issue the joint statement in The Hague, Netherlands, on July 18.

The document is designed to call for closer cooperative ties between Japan and the EC not only in the economic field but also in the environment, science, and foreign assistance.

Japan and the EC still remain apart over wording of the declaration, the sources said.

One official, hinting at France, said one of the European powers has taken a tough stance in seeking a clear-cut Japanese pledge to open its market.

French refusal to temper this demand at a meeting of EC foreign ministers in Luxembourg stymied agreement on the draft declaration.

Japan first proposed last year concluding the declaration, which is modeled after the transatlantic declarations the EC signed with the United States and Canada last November.

Kaifu is scheduled to visit the Hague for talks with EC leaders after attending the London summit of seven major economic powers July 15-17.

Kaifu, Dutch Prime Minister Ruud Lubbers, who holds the presidency of the EC Council of Ministers, and EC Commission President Jacques Delors were earlier reported to be signing the declaration on July 18.

Cabinet Sets Ceiling on 1992 Budget Requests

OW0507032291 Tokyo KYODO in English 0258 GMT 5 Jul 91

[Text] Tokyo, July 5 KYODO—The Government Friday set the ceiling for budgetary requests by ministries and agencies for fiscal 1992 at 5.2 percent, the largest growth rate since fiscal 1982, officials said.

The officials said general operating spending, excluding national bond servicing and grants to local governments, will increase by 1,920 billion yen over the current year to 38,956.5 billion yen.

They said the growth in the budget requests is the largest since fiscal 1982 when the government began setting zero or minus ceilings for budget requests.

Ministries and agencies were required to submit their requests by the end of August.

The new budget will emphasize public works spending in line with its pledge to the United States that it will spend 430 trillion yen for such projects over the next 10 years, the officials said.

They said the government set up a special 200 billion yen fund for public works to improve social conditions, and restored a 200 billion yen reserve fund slashed in fiscal 1991 to pay for Japan's financial contribution to the Persian Gulf war.

The officials said total expenditures related to public works projects will grow 5.1 percent, the second straight increase.

In an exceptional step, the government plans a 9.8 percent increase for Official Development Assistance, up from a 9.7 percent increase this year, while sharply curtailing growth of defense outlays, the officials said.

Defense spending will grow 5.38 percent over the current year, down from 5.84 percent in the current year, giving defense its lowest growth rate since fiscal 1961, they said.

North Korea

Protest in U.S. Over No Tae-u's Visit Reported

SK0407054791 Pyongyang KCNA in English 0534 GMT 4 Jul 91

[Text] Pyongyang July 4 (KCNA)—Koreans in the United States and U.S. sympathizers staged a demonstration in front of the White House on July 2 in protest against the No Tae-u's trip to the United States, according to a foreign press report.

They shouted "no more killing, no more lies, No's the man the U.S. buys" and "self-determination yes, subjugation no".

They condemned the U.S. aggression of South Korea, carrying placards reading "U.S. nukes and troops out of South Korea" and "Free the political prisoners".

"This (No-Bush) meeting is not a summit, because it's so one-sided," said a spokeswoman for the committee to protest No Tae-u's visit to the United States. She stressed: "Bush's call for an opening of South Korea's agricultural sector to free trade would spell disaster for that country's farmers."

"It is not free trade." "It is forcing U.S. surplus goods on the South Korean market."

She said the committee was also concerned that continued U.S. military presence in South Korea would make the reunification of Korea more difficult.

The demonstration was organized by the committee to protest No's visit to the United States.

No Tae-u Interview in U.S. Newspaper Viewed

SK0407043391 Pyongyang KCNA in English 0402 GMT 4 Jul 91

[Text] Pyongyang July 4 (KCNA)—The traitor No Tae-u, in an interview with the U.S. paper LOS ANGELES TIMES some time ago, spun out a string of balderdash against the withdrawal of U.S. imperialist aggressor troops and nuclear weapons from South Korea, saying "it is unreasonable to talk only about the U.S. nuclear weapons," he views it as "meaningless to call for creating a nuclear-free zone" on the Korean peninsula alone and raising a hue and cry over "military threat from the North."

This is the topic of a NODONG SINMUN commentary today, which reads in part:

While admitting that there exist U.S. nuclear weapons in South Korea, No contended that the U.S. nuclear weapons must not be withdrawn because there are countries with nuclear weapons around the Korean peninsula. This is an outmoded way of thinking of the cold war era.

As the world knows, countries with nuclear weapons are now following a trend toward nuclear disarmament, averting nuclear confrontation. Still today, however, the puppets take exception to the pullout of U.S. nuclear weapons from South Korea. This tells that the imperialists seek nuclear confrontation in actuality although they are loudmouthed about the "end of cold war" and "nuclear arms cut." Moreover, the puppet's talk means that South Korea would be left to the United States forever as a nuclear arsenal, a nuclear forward base and a ground for nuclear face-off. This is a grave anti-national criminal act to unhesitatingly inflict nuclear disasters on the nation.

The puppets' clamor about "threat from the North" is a deceptive ruse which can convince no one. South Korea is packed with more than 1,000 pieces of U.S. nuclear weapons and such test nuclear war games as the "Team Spirit" joint military exercises are going on there. The U.S. imperialists and the puppets make no scruples about wordage threatening to mount a nuclear attack on the North.

No's recent talk means admitting of his own accord that it is his group itself that threatens peace on the Korean peninsula.

It is clear to anybody that nothing but a confab for war against the North will be held between the U.S. imperialists who do not give up their nuclear war ambition and their war servant.

U.S. 'Babbling' on Nuclear Inspection Assailed

SK0507135291 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 5 Jul 91

[Text] According to news reports, traitor No Tae-u, on a junket to the United States, once again has revealed his filthy colors as a traitor during his meeting with Bush at the White House on 2 July.

The traitor earnestly begged his master to actively support his splittist maneuvers from the standpoint of a patron country and then earnestly requested that the United States take measures to force us to give up our nonexistent nuclear development.

In the meantime, Bush, while babbling that he will keep calling on us to agree on nuclear inspection, not only opposed an international inspection of U.S. nuclear weapons in South Korea, but also made it clear that he will not remove these nuclear weapons from South Korea.

Bush even went so far as to falsely charge that we, who neither have nuclear weapons nor the intention or ability to develop nuclear weapons, are now engaged in nuclear development. He then laid bare in full view his heinous intention to draw some countries, including the South Korean puppets and Japan, into a sordid besmirching scheme against us in connection with the nuclear inspection question.

In this way, Bush has committed an intolerable crime of once again displaying the extreme form of U.S. imperialist and big-power arrogance, wantonly trying to interfere in the sovereign right of our people, and openly challenging the opinion of the world that strongly calls for withdrawing nuclear weapons from South Korea.

By making clear his intention to keep nuclear weapons in South Korea, Bush tried to calm the puppets who are feeling uneasy in the face of public opinion at home and abroad which calls for the withdrawal of U.S. troops and nuclear weapons; and, in exchange for this, he forced the puppets to share a staggering amount of defense expenditures and to open up markets.

The whole course of traitor No Tae-u's junket to the United States this time and his confabulation with Bush has revealed that the South Korean treacherous clique desperately tries to keep U.S. imperialist forces of aggression in South Korea at all costs to prolong its filthy life under the master's protection and offer South Korea to the U.S. imperialists indefinitely as a nuclear base, while the

U.S. imperialists are bent on turning South Korea into their permanent colony and a nuclear logistics base by capitalizing on the puppets' treacherous attributes.

Such filthy bargains between the aggressors and the traitor will convince no one and it will only arouse still greater denunciation from our people and from the world's fair opinion.

UN Command's MIA Report Termed Improper Act

SK0507051691 Pyongyang KCNA in English 0443 GMT 5 Jul 91

[Text] Pyongyang July 5 (KCNA)—The "UN Command" in South Korea, in its recent "annual report" to the UN Security Council, contended that the remains of American soliders still in North Korea must be sent back through the Military Armistice Commission, charging that the DPRK was using the remains for some "political purposes."

Refuting this rigmarole, a NODONG SINMUN commentary today lashes out at it as an improper act insulting the humanitarian sincerity of the DPRK.

The news analyst says.

U.S. Senator Bob Smith expressed thanks to us after taking over the remains of eleven American soldiers on behalf of the U.S. Government and an agreement was reached in principle on establishing a DPRK-U.S. joint committee to deal with this matter. And there came a positive reaction hailing our humanitarian step from the U.S. public circles. But malicious words are rolling off the tongues of some quarters of the U.S. authorities.

It is some persons of the United States who are actually capitalising on the question of the transfer of the remains of American soldiers for political purposes. The spokesman of the U.S. State Department Boucher, while welcoming our step in handing over U.S. soldier remains, said that the North must take a more cooperative attitude in their transfer, if it wanted to improve the DPRK-U.S. relations. Still more incomprehensible is that officers of the U.S. Command in South Korea who do not represent the government, are obtrusively spinning out a string of rubbish. This should be interpreted as an act to lay a deliberate obstacle in the transfer of the remains of U.S. soldiers, ignoring their government. This is an insidious act to put a political pressure to bear upon us by taking advantage of the question of transfer of remains.

It must not go unnoticed that the South Korean authorities are talking nonsense about the "ulterior intention in transferring the remains of American soldiers," recklessly putting their noses into the problem between the DPRK and the United States. This vividly reveals the restless psychology of the colonial stooges who feel irritated at the movement toward the improvement of the DPRK-U.S. relations and uneasy about the contact of the United States with us.

Such act as turning the cold shoulder to sincerity, far from reciprocating it, deserves denunciation by the international community. Some American persons and their followers must promptly stop their improper act of decrying our humanitarian step and the U.S. side must show sincerity in implementing the agreement with us. If they continue to insult our sincerity, obstacles will be created in the solution of the question of U.S. soldiers' remains.

Kang Song-san Speaks at Korean War Anniversary

SK0307063391 Pyongyang Korean Central Broadcasting Network in Korean 0400 GMT 28 Jun 91

[Speech by Kang Song-san, member of the Political Bureau of the Central Committee of the Workers Party of Korea, responsible secretary of the North Hamgyong provincial party committee, and chairman of the North Hamgyong Provincial People's Committee, at a mass rally and demonstrations held in Chongjin city on the occasion of the 25 June "Day of Struggle Against the U.S. Imperialists."; date not given—portion recorded]

[Text] [Begin recording] Today, we greet the 41st anniversary of "the Day of Struggle Against the U.S. Imperialists of 25 June" under the solemn circumstances in which all of the people are effecting a new upsurge in the revolution and construction under the revolutionary banner of chuche, in which the people's struggle for independence, democracy, and reunification is being vigorously waged in South Korea, and in which an antiwar and antinuclear movement for peace is being vigorously waged on a world-wide scale. The Korean war, which was provoked by the imperialists on 25 June 1950 to make the whole of Korea a colony, was a most cruel war of aggression unprecedented in history.

In a bid to swallow in a gulp our Republic which had been founded less than two years before, the U.S. imperialists frantically provoked us, mobilizing the main forces [kipon yongyang] of the U.S. Armed Forces, the South Korean puppet army, and hired mercenary troops from 15 follower countries. They put into the war a total of more than two million troops, over $20 billion in military expenses, and more than 73 million tons of war supplies, making the frontline and our rear area a sheet of flames and ashes.

The Korean war—which waged a showdown by force of arms between the U.S. imperialists, who claimed to be the strongest in the world, and our young Republic—was a war of aggression which laid bare to the world the brutal nature of the U.S. imperialists. For our people, the war was a formidable yet just anti-imperialist liberation war in which they had to overcome arduous trials. In the grim period when the destiny of the nation reached a crisis, the brave Korean People's Army and all the people firmly united around the respected and beloved leader Comrade Kim Il-song, the ever-victorious iron-willed commander and the great military strategist, and displayed matchless bravery and mass heroism. Thus, they bashed in the stuck-up nose of U.S. imperialism and achieved the great victory in the war.

Our people's historic victory attained in the Fatherland Liberation War was the great victory of the respected and beloved leader Comrade Kim Il-song's unique military ideology and chuche- oriented tactics. It was also the great

demonstration of the invincible might of our people and the People's Army firmly united with one mind around the respected and beloved leader and the dear comrade leader.

Since the cease-fire, our party and the Government of the Republic have advanced reasonable peace proposals one after another to turn the situation of the unstable cease-fire into a durable peace and have made all possible efforts for their realization. However, far from responding to our active peace-loving effrots, the U.S. imperialists have responded to the proposals by aggravating tension in Korea and by accelerating new war provocation maneuvers, while renouncing their policy of aggeression against Korea and their Asian strategy.

While openly clamoring that the second Korean war will be a nuclear war the U.S. imperialists—who, having deployed more than 1,000 nuclear weapons in South Korea, have waged the Team Spirit joint military exercise annually—have worked out the scenario of a nuclear war to launch a preemptive attack against us and are accelerating operational preparations to put the scenario into action.

The U.S. imperialists have built nuclear air bases and large-scale nuclear bomb storage houses in many areas of South Korea and deployed various types of nuclear weapons and nuclear missiles such as the Pershing, Tomahawk, Lance, and Cruise there. This is not a nuclear umbrella or a nuclear shield to protect someone, but a nuclear club to threaten and attack us. [end recording]

The speaker then noted the fact that the U.S. imperialists, far from drawing a due lesson from the disgraceful defeats in the Korean war, are still going berserk in the new war provocation maneuvers against our Republic, thus attempting to drive the land and the nation into a nuclear holocaust.

'Radio' Letter Addressed to South Minister

SK0307102591 Pyongyang KCNA in English
1002 GMT 3 Jul 91

[Text] Pyongyang July 3 (KCNA)—Choe Hyon-pok, chairman of the Korean Student Committee, had to send over radio a letter addressed to the South Korean "minister of education" after the South Korean side refused to take it over.

Recalling that the students of the North and the South promised each other to have working-level talks at Panmunjom in July 7 for the preparation of the August 15 grand reunification festival of students in the North, the South and overseas which they had decided to hold, the letter said that the plan of the students in the North and the South to sit at one place and renew their resolution for reunification is an expression of their steadfast will to live in a reunified country, born a generation of the era of division.

It continued:

The students in the North, the South and overseas are preparing the July 7 working-level talks and the August 15 grand reunification festival with the unshakable will to arrange in the second year of the 90s by all means the square of meeting which they failed to arrange in the 80s.

If anyone blocks this significant meeting and reunification festival of students of the new generation, it will be an indelible crime trampling underfoot not only today but the future of the nation.

If one truly wants the unity of the nation and the reunification of the country, he must cooperate in raising the curtain of the Panmunjom working-level talks and August 15 grand reunification festival of students of the new generation.

The letter requested the "minister of education", not only as man in charge of the education of the new generation but also a member of the nation, to ensure necessary conditions so that the August 15 grand reunification festival of the students in the North, South and overseas and the July 7 Panmunjom working-level talks might be realised without fail.

Committee on South Students' Travel to Berlin

SK0407022891 Pyongyang KCNA in English
2218 GMT 3 Jul 91

[Text] Pyongyang July 3 (KCNA)—The spokesman of the Korean Student Committee issued a statement today denouncing the South Korean authorities for launching a repressive campaign against Chondaehyop [National Council of University Student Representatives] by inventing a fiction after Chondaehyop dispatched two delegates to Berlin where the preparatory meeting for the second pan-national rally was being held, with a view to realising the August 15 grand reunification festival of youth and students in the North, the South and overseas.

The spokesman said:

The fascist clique is spreading false reports that Chondaehyop dispatched its delegates after "confab" with the North, the delegates would visit Pyongyang and would settle down in Pyongyang as permanent delegates of Chondaehyop. This is a preposterous fabrication and lie.

We have not had any contact with Chondaehyop and not known Chondaehyop's dispatch of delegates.

The delegates of Chondaehyop in Berlin made it clear through the spokesman of Pomminnyon [Pan-National Federation for Reunification] that they had no plan to visit Pyongyang.

Nevertheless, the South Korean authorities are faking up a preposterous story and slandering the righteous act of the patriotic-minded students, linking it with us in a far-fetched way. This is a criminal attempt to find an excuse for suppressing Chondaehyop.

By branding Chondaehyop as an "organisation benefitting the enemy" which is "manipulated" by the North and "follows" the North, the South Korean rulers seek the sinister aim of foiling the August grand reunification festival of youth and students which is ripening and totally putting Chondaehyop out of existence.

The separatists' move to block at the point of the bayonet the grand reunification march of the youth and students in the North and the South can earn no sympathy from anyone. They must know that the shameless act of the "Security Planning Board" which premeditatedly fabricated and announced faked facts this time will meet with nothing but criticism and scorn from the world people.

The youth and students in the North and the South will never take a step backward on the patriotic road of reunification they have already chosen, no matter how desperately the separatists may work.

The No Tae-u group must act with discretion and unconditionally and immediately stop its suppression of Chondaehyop, clearly seeing the iron will of the youth and students in the North, the South and overseas to realise the August 15 grand reunification festival and reunify the country by 1995.

Struggle for Release of Prisoners in South Noted

SK0307053891 Pyongyang KCNA in English 0500 GMT 3 Jul 91

[Text] Pyongyang July 3 (KCNA)—The Korean Struggle Committee for the release of Yim Su-kyong and the Measure Committee for the Rescue of Rev. Mun Ik-hwan recently held a joint meeting and set the period from June 30 to August 15 as "a period of struggle for encouragement to and release of pro-reunification patriotic figures".

NODONG SINMUN today comes out with a commentary in this connection.

Noting that this step taken at the joint meeting is a clear manifestation of the compatriotic sense of duty and solidarity of the people in the northern half of the country for the visitors to the North and the "political prisoners" in South Korea, the news analyst says:

Yim Su-kyong, an ardent patriotic woman student who demonstrated to the whole world that our country is one and so is our nation and a praiseworthy daughter the nation and the flower of reunification who made the first breakthrough in the barrier of division in the history of spilt, and Rev. Mun Ik-hwan, Father Mun Kyu-hyon and Mr. Yu Won-ho, pioneers of reunification who paved the way for independent civilian North-South dialogue for the reunification of the country, and other visitors to the North are loved and respected by the whole nation. They can never be targets of suppression.

This notwithstanding, the South Korean authorities keep the righteous-minded visitors to the North behind bars and went the length of putting in chains student Im Chong-sok, former chairman of the National Council of Student Representatives (Chondaehyop) of South Korea, and student Chon Mun-hwan, who was chairman of the Chondaehyop preparatory committee for the Pyongyang festival on charges of involvement in the Pyongyang visit of woman student Yim Su-kyong. This is a malicious challenge to the ardent desire of the nation for reunification and an unpardonable treachery throwing a wet blanket over the ardour of the fellow countrymen for reunification.

The attitude toward the visitors to the North is a yardstick distinguishing between the stand for reunification and for the split, the stand for dialogue and for confrontation. The South Korean authorities must immediately stop the heinous treachery of wielding the bayonet at the pro-reunification patriotic figures who had contact and dialogue with us, renounce such anti-dialogue, anti- reunification evil laws as the "National Security Law" and promptly release all the "political prisoners" including the illegally arrested visitors to the North and patriotic students.

Otherwise, the South Korean authorities will face bitterer curses and denunciation of the people at home and abroad as the enemy of reunification.

Universities Symbolically Enroll South Students

SK0407021191 Pyongyang KCNA in English 2151 GMT 3 Jul 91

[Text] Pyongyang July 3 (KCNA)—Kim Il-song University, Kim Chol-chu University of Education and other universities in the Democratic People's Republic of Korea recently registered martyrs Kang Kyong-tae, Pak Song-hui (woman), Kim Yong-kyun, Chon Se-yong, Kim Kwi-chong (woman), Nam Tae-hyok and An Song-mo, South Korean students who fell in the anti-US, anti-fascist democratic resistance, as honorary students.

This is a compatriotic step to realize the wishes of the martyrs who burned with patriotism and sense of justice in their lifetime and remember them always. This is an expression of positive support and encouragement of the teachers and students of the northern half of the country to the anti-U.S., anti-fascist struggle of the South Korean students for democracy.

So far many South Korean students who were killed by the fascists or committed suicide in self-immolation have been registered as honorary students of universities of the North and are kept alive in the minds of fellow students and people.

Since martyr Pak Chong-chol, a student of Seoul National University tortured to death by the Chon Tu-hwan clique in January 1987, was registered as an honorary student of the Korean Lingustics Department of Kim Il-song University, nearly thirty martyrs have been registered as honorary students at different universities in four years or more.

The martyrs were men and women in the flower of their youth in [their] twenties, their hearts burning patriotic zeal to bring a new spring of independence, democracy and reunification to the society of South Korea where outside forces and fascists run riot and treachery and injustice hold sway.

Hopes of youth and dreams of the future were precious to them, but independence, democracy and reunification were more valuable.

Therefore, they shed their blood in the street of resistance for independence against the U.S., for democracy against fascism and for national reunification and perished in flames.

Their death was not in vain.

Kim Chu-yol touched off with his death the April 19 popular uprising in 1960 which toppled the Syngman Rhee dictatorship.

The demonstration of the fiery youths of Chonnam National University set off the 1980 Kwangju popular uprising which shook the colonial fascist rule of the U.S. imperialists and Chon Tu-hwan puppet clique to its very root.

The death of Pak Chong-chol became the fuse of the June popular uprising in 1987 which called the South Korean people to a nationwide struggle.

The martyrs who dedicated their lives to the independence, democracy and reunification will be alive forever in the history of the motherland and in the memory of the nation.

Editorials Mark 4 Jul Statement Anniversary

SK0407114491 Pyongyang KCNA in English
1016 GMT 4 Jul 91

["Let Us Reunify Country on Three Principles"—KCNA headline]

[Text] Pyongyang July 4 (KCNA)—Papers here today dedicate editorials to the 19th anniversary of the announcement of the historic July 4 joint statement between the North and the South (July 4, 1972).

Calling for reunifying the country on the three principles of independence, peaceful reunification and great national unity, NODONG SINMUN says:

The great leader Comrade Kim Il-song, on the basis of his insight into the requirements of the rapidly developing situation at home and abroad in the 1970s, put forward the policy of wide-range North-South negotiations, opened the road of North-South contact and advanced the three principles of independence, peaceful reunification and great national unity, a basic program of national reunification. Therefore, the North-South high-level talks was [as received] arranged and the July 4 joint statement whose keynote is the three principles of national reunification announced.

With the announcement of the joint statement between the North and the South the three principles of national reunification advanced by the great leader Comrade Kim Il-song have become the program of reunification common to the nation, a historic milestone for the settlement of the reunification question.

Exposing that the South Korean authorities had no sooner signed the joint statement than they betrayed their pledge, declared "two Koreas" as a policy and tried to keep the country bisected for ever, the editorial goes on:

Anybody has no right [as received] to disobey the three principles of national reunification which were announced at home and abroad as the program of national reunification common to the nation.

Our party and Government of the DPRK have already put forward a reasonable and realistic proposal for reunification, the embodiment of the three principles of national reunification. Our proposal to found the democratic confederal republic of Koryo is the most just reunification proposal that makes it possible to realise the reunification of the country on the basis of one nation, one state, two systems and two governments, on the principle of neither side conquering the other or being conquered by the other under the condition that two different ideologies and systems exist in the North and the South.

The South Korean authorities should not be obsessed with an illusion about "unification by prevailing over communism" and "unification by absorption" which will not come true, but accept our fair and aboveboard proposal for reunification through confederacy.

If they are concerned with the peace and peaceful reunification of the country, they should not make an unreasonable pretext of "exchange first" and "confidence-building first" but accept without hesitation our fair proposals for a non-aggression declaration and disarmament which can substantially guarantee detente and peace and stop the "Team Spirit" joint military exercises against us.

The United States, which is directly responsible for the peace question of the Korean peninsula, should look at our earnest peace efforts and the unanimous desire of the Korean people for national reunification, give up its dangerous war policy based on the stand of strength, sign a peace agreement with us at an early date and pull its troops and nuclear weapons out of South Korea without delay.

What is important in accelerating national reunification at present is to confirm the method of national reunification.

We strongly hold once again that with a view to reaching a nationwide agreement on the method of national reunification, we should convene a political consultative conference for national reunification in which the authorities, and representatives of political parties and organisations of the North and the South sit together to decide upon the way of national reunification.

Meanwhile, MINJU CHOSON stresses that we will smash the criminal moves of the splittists within and without and accomplish the cause of national reunification with the concerted efforts of the whole nation.

Buddhist Leader's Statement on Nuclear Issue

SK0307050891 Pyongyang KCNA in English
0454 GMT 3 Jul 91

[Text] Pyongyang July 3 (KCNA)—The United States must stop the foolish act of demanding a unilateral "nuclear inspection" of the DPRK that has no nuclear weapons while keeping mum about its nuclear weapons in South Korea, and unconditionally and immediately withdraw its troops and nuclear weapons from South Korea.

Most venerable Pak Tae-ho, chairman of the central committee of the Korean Buddhists Federation, demanded this

in a statement issued July 2 in support of our just stand set out in the joint statement of the DPRK political parties and public organisations.

He said:

The United States, having deployed more than 40,000 troops and 1,000 odd pieces of nuclear weapons in South Korea, is aggravating the situation on the Korean peninsula with the claim for "nuclear inspection" of the DPRK and is scheming to make a nuclear attack on the DPRK any moment.

If a war broke out in Korea, it would soon develop into a nuclear war and the flames would easily spread all over Asia and inflict a horrible nuclear holocaust on the heads of the people in this region.

The way of removing the danger of nuclear war and preserving a durable peace on the Korean peninsula and in Asia is to get the U.S. nuclear weapons withdrawn from South Korea and remove the U.S. nuclear threat to the DPRK.

The United States' outcries over "nuclear spectre" is aimed at concealing its criminal act in having converted South Korea into the largest nuclear forward base in the Far East and finding an excuse for the provocation of a nuclear war on the Korean peninsula.

I express the expectation that the Buddhists and peace-loving people of all countries the world over will clearly see the grave danger of nuclear war created on the Korean peninsula, lift up louder voices demanding the withdrawal of the U.S. troops and nuclear weapons from South Korea and express firm solidarity with our struggle.

Soviet Attache Addresses Commemoration Ceremony

SK0407232191 Pyongyang KCNA in English
2243 GMT 4 Jul 91

[Text] Pyongyang July 4 (KCNA)—A meeting of the Ministry of People's Armed Forces was held today at the unit of the Korean People's Army [KPA] to which Kim Yong-cho belongs to mark the 30th anniversary of the signing of the Korean-Soviet treaty of friendship, cooperation and mutual assistance.

Present at the meeting were General Chon Mun-sop, Colonel General Chon Chae-son and other generals, officers and men of the Korean People's Army.

Soviet Ambassador to Korea Aleksandr Kapto and his embassy officials were invited to it.

Speaking at the meeting, General of the KPA Kim Kwang-chin said the Korean people and People's Army soldiers have accelerated socialist construction and made strenuous efforts to defend peace in Asia and the rest of the world, while faithfully implementing the treaty of friendship, cooperation and mutual assistance.

He wished the people and officers and men of the Armed Forces of the Soviet Union success in their struggle to preserve the union and defend world peace and security.

The friendly and cooperative relations between the Korean and Soviet Armies are based on the treaty of friendship, cooperation and mutual assistance, he said, and stressed:

In the future, too, our People's Army officers and men will invariably strive to further develop these relations which have long-standing historical roots and make active contributions to thwarting and frustrating the imperialists' new war provocation moves and defending peace in Asia and the rest of the world.

Military Attache of the Soviet Embassy here Pavel Doroshenko spoke next.

He said the two countries have implemented the principles and obligations of the treaty.

The fraternal friendship between the Soviet and Korean soldiers was forged with blood and consolidated in the common struggle against Japanese militarism, he said, adding that the relations between the two Armies have been strengthened.

The Soviet Union attaches great importance to the security in the Asia-Pacific region where the Armed Forces of the United States, Japan and South Korea are massed, he said, and continued: in order to round off the commanding system of the armed forces and prepare a coordinated operation in war time, the United States and South Korea annually hold large-scale "Team Spirit" joint military maneuvers.

The Soviet Union highly estimates and supports in every way the numerous proposals of the DPRK for holding North-South dialogue, reducing the armed forces, turning the Korean peninsula into a nuclear-free, peace zone and getting foreign troops withdrawn from this part of the world for a peaceful reunification of Korea, the military attache stressed.

The normalisation of relations between the DPRK and Japan, the decision to join the United Nations and other initiatives of the DPRK in its foreign policy will contribute to consolidating peace and security on the Korean peninsula, he said.

He expressed the belief that the friendly and cooperative relations between the Soviet Union and Korea would be consolidated and developed in the future in accordance with the treaty signed in 1961.

'Affirmative' Agreement Among Cambodians Viewed

SK0307052191 Pyongyang KCNA in English
0507 GMT 3 Jul 91

[Text] Pyongyang July 3 (KCNA)—NODONG SINMUN today assesses the meeting of the Supreme National Council of Cambodia recently presided over by Samdech Norodom Sihanouk in Thailand as an affirmative development.

An analyst of the paper says:

The unanimous agreement reached among the four groups of Cambodia at the meeting of the Supreme National Council is a big stride forward in the course of the political solution of the Cambodian problem.

The world public which values justice and peace is welcoming this success, appraising it as an affirmative development.

The Korean people have consistently maintained and are maintaining that all disputes must be settled peacefully by means of dialogue in keeping with the national interests and demands of the parties concerned and in favour of the regional peace and stability. So, the Korean people heard news of the agreement among the four groups of Cambodia in a happy frame of mind.

Samdech Norodom Sihanouk played a big role in reaching the unanimous agreement at the meeting.

The results of the meeting are also ascribable to the fact that all the groups promoted understanding and reconciliation, confidence and cooperation on the basis of common desire and aspiration to build an independent and sovereign, unified Cambodia.

Although a progress has been made in the course of solving the Cambodian problem, no small problems remain unresolved yet.

Success will be registered in the fulfilment of the agreement, if all the groups value the national independence and strive to solve problems in the national interests of the Cambodian people, looking far ahead.

We hope that the Cambodian problem will be resolved peacefully and fairly by the efforts of its people in conformity with their interests and desire, without interference of outside forces under any circumstances.

Kim Il-song Work on 'Excellent' Youth Lauded

SK0307083991 Pyongyang Korean Central Broadcasting Network in Korean 0006 GMT 24 Jun 91

[NODONG SINMUN 24 June special article: "The Fact That They Have Excellent Young People Educated and Raised by the Party Is Our People's Great Pride"]

[Text] The great leader Comrade Kim Il-song published the classic work "Young People Must Continuously Carry Out the Revolution Generation After Generation" 20 years ago. In this work, the great leader proudly summed up the honorable road upon which the Korean youth movement has embarked under the party's wise leadership. He also fully elucidated not only detailed tasks assigned to the young people for carrying out the revolution generation after generation but also ways to carry out those tasks. The justness and invincible vitality of the valuable ideological and theoretical programs elucidated in the work, the programs for the young people to accelerate revolutionization and working classization, bring heroic feats in socialist construction, and reliably defend the fatherland have been proven in our practical revolution.

The twenty years since the work was published have been a proud period in which great achievements have been brought about in the development of the Korean youth movement and in which the problem concerning the young people, which is related to the future destiny of our party and revolution and that of the fatherland and nation, has been brilliantly solved. Today, the youth movement is being developed on a high level in our country amid our historic march toward modeling the entire society after the chuche idea under the party's leadership, and the ideological and spiritual status of our young people is very excellent. All the young people completely entrust their destiny to the party and the leader, are filled with confidence and enthusiasm, and are loyal and filial to the party and the leader. Our young people have high revolutionary spirits, a strong sense of organization and discipline, good intelligence and talent, and sound and noble morality. The justness and invincible vitality of the work lies in the fact that it has contributed to raising excellent young people who will solidly achieve the continuity of the revolution.

Because of the wise leadership of dear Comrade Kim Chong-il, the valuable ideological and theoretical programs which the respected and beloved leader Comrade Kim Il-song elucidated in his work could be thoroughly implemented, thus bringing today's proud reality. In carrying out the work of the youth movement, as it did in all the other works, our party, which is endlessly loyal to the chuche revolutionary cause cultivated by respected and beloved Comrade Kim Il-song, have considered the ideological and theoretical programs, which were presented by the great leader as a firm guideline and have thoroughly implemented these programs. In this process, our party made an immortal contribution to developing the youth movement and acquired very profound and abundant experiences. All the valuable victories and achievements that have been won in the development of the youth movement are valuable results brought about by the party's tested leadership.

Our party had the young people endlessly deepen the revolutionization and working classization work, thus raising them to be the reliable successors of our revolution.

The great leader Comrade Kim Il-song has taught: If they are to continuously carry out the revolution generation after generation, the young people must endlessly make efforts to revolutionize and working classize themselves.

Revolutionization and working classization is an important work for raising the young people to be genuine communist revolutionaries. Being a revolutionary's son or daughter does not necessarily mean that he or she will become a revolutionary as a matter of course, and being new generations that were born and have been raised under a socialist system do not necessarily mean that they will fulfill their duty as the successors of the revolution as a matter of course. Only when they endlessly make efforts to revolutionize and working classize themselves, can the young people become resolute communist revolutionaries who carry out the revolution generation after generation.

In his work, the great leader Comrade Kim Il-song taught that it is necessary to revolutionize all the people and that it is all the more necessary to revolutionize younger generations who have not suffered trials in waging practical struggles. He also clearly elucidated such fundamental tasks for revolutionizing and working classizing the young people as those for strongly arming them with our party's

revolutionary ideas and leading them to learn from the anti-Japanese revolutionary martyrs and actively participate in League of Socialist Working Youth of Korea [LSWYK] activities. Our party has consistently adhered to the great leader's creative programs on revolutionizing and working classizing the young people and extensively implemented them in compliance with the cause of modeling the entire society after the chuche idea.

A program, among these, that our party has given the highest priority to was to strengthen ideological indoctrination work among the young people. The history of our country in which the problems involving the young people have been solved can be called a history in which the work of educating the young people has been endlessly deepened and strengthened under the party's leadership. In this process, our party has presented an endless list of ideological indoctrination programs to raise the young people to become the excellent successors of the revolution, including programs for indoctrination on the principles of the chuche idea, the revolutionary tradition, patriotism, and the classes. Our party has also made incomparable efforts to raise the young people to become the excellent successors of the revolution.

Because of the energetic leadership of our party, which, considering the work of ideologically indoctrinating the young people to be most important, has continuously strengthened this indoctrination work, our young people could be raised to be the young vanguards—who have a firm belief in the party and the leader and socialism—even in the historically turbulent period in which they were being directly confronted with the U.S. imperialists and in which various turbulent winds were blowing.

Our party has given priority to leading the young people to actively participate in organizational activities, as well as positively carrying out various ideological indoctrination works to revolutionize and working classize them. As the respected and beloved leader Comrade Kim Il-song elucidated in his work, more actively carrying out LSWYK activities is one of the important ways to revolutionize and working classize the young people. Only by participating in organizational activities, can the young people strongly train themselves in political and ideological terms and endlessly brighten their valuable social and political lives.

Our party presented a plan to regularize organizational activities in compliance with the demand of the developing revolution. It also presented the content, system, and principles of organizational activities and wisely led the young people to carry out LSWYK activities as an excellent means for ideological training. As a result, our young people have come to have a high sense of being members of organizations and to establish the trait of voluntarily and sincerely participating in organizational activities. Youth organizations are formed wherever young people are working, and all the young people joined LSWYK organizations and are carrying out organizational activities there. None of our young people are leading a meaningless life without joining any organization or group: All are enjoying social and political lives and leading worthwhile lives as organization or group members.

Today, even under the circumstances in which the imperialists' vicious antisocialist maneuvers have become unscrupulous our youths live and work in a revolutionary manner without faltering. This clearly shows the correctness of our party's policy and the wisdom of its leadership in strengthening ideological indoctrination work and revolutionary organizational life among our youths. Our party has also wisely led our youths to perform brilliant labor exploits in socialist construction, thus fostering them to be the most viable unit of society. The ideology and theory on leading our sturdy and sanguine youths to play the role as the mighty force in the labor front of socialist construction form precisely the main content of the work.

In the work, the respected and beloved leader Comrade Kim Il-song elucidated that socialist construction is an important revolutionary task of youths and taught that all youths should unstintedly display their strength and wisdom in the sacred struggle of building a rich and beautiful socialist fatherland.

Our party has been bestowing all sorts of meticulous guidance and consideration upon all of our youths so that they could perform heroic exploits in the rewarding battle sites of socialist construction, upholding the intent of the great leader. It is precisely the firm determination of our party to lead our youths to proudly display their strength and wisdom as heroes and creators of miracles in the course of resolutely safeguarding and defending and constantly adding luster to our style of socialism, a most superior socialism, which has been built by the great leader.

Proceeding from such lofty determination our party has not only bestowed the noble titles of spearhead [sonpongdae], shock brigade, and youth vanguard upon our youths and boldly assigned them difficult and arduous tasks, but has also spared no effort for the benefit of youths. Thanks to such wise leadership of our party our youths have never been afraid of any difficulties and have been able to unstintedly display their wisdom and talent in the rewarding struggle of socialist construction.

For the 20 year-long period since the work was published, our youths, responding to the call of our party, have indeed done a lot of work in the difficult and arduous fields of socialist construction, including the extraction industry and the rural economy fields, and in other power plant and lockgate construction sites. Thus, they have achieved amazing successes in these fields.

The revolutionary battle sites and the historic sites of the revolution—where the traces of the respected and beloved leader's revolutionary activity are engraved—and the numerous monumental edifices built everywhere in the country, including Pyongyang, the capital of the revolution, bear witness to the indomitable exploits of our youth shock brigade members and youth builders who are infinitely loyal to the party and the leader. Our ambitious and brave Korean youths are endowed with a progressive spirit and deem it their pride to take part in difficult and arduous tasks.

Our youths have faithfully upheld our party with constant upsurges and miraculous successes in production and construction by vigorously waging various mass movements, including the movement to win the Youth Ponghwa Prize for the fulfillment of the Third Seven-Year Plan and the movement to create the Kumkol speed of the nineties undert the militant sologan, "Let us become young heroes in the rewarding struggle to add luster to the era of the Workers' Party."

History has never witnessed such faithful youths as our youths who actively participate in the labor front of socialist construction with infinite dovotion to the party, the revolution, the fatherland, and the people and who, thus, display heroism there. These are the noble features that can be found only among our youths who have been educated and fostered by our great party to become revolutionaries who are fond of carrying out the revolution and struggle. We can say with certainty that today we have outstanding successors to the revolution who can add luster to the honor and dignity of the fatherland, the nation, and our style of socialism generation after generation under the party's leadership.

Having fostered the most solid and mighty ranks of youth which are unprecedented in terms of the stand and attitude of upholding the leader of the revolution with infinite loyalty and devotion, in terms of the organizational spirit and disciplinary character, in terms of the character of class principle and ideological purity, and in terms of revolution-mindedness occupies precisely the most brilliant position in the achievements that our party has registered.

Because of such great achievements our party not only has enjoyed high dignity as the tested leader [yongdoja] for the youth movment of our times and as the great guide who expedites the brilliant future of our fatherland and nation and the brilliant future of communism, but has also won infinite respect and confindence among the people and youths. Today, our revolution is vigorously advancing on the high stage of the nineties, and the Korean youths are faced with the sacred task of inheriting and developing generation after generation the revolutionary cause of chuche pioneered and led by the great leader Comrade Kim Il-song under the leadership of our party.

To brilliantly carry out this heavy yet honorable task it is imperative for our youths to more firmly prepare themselves to become reliable successors to the revolution. To do so, they should continue to thoroughly embody the ideology, theory, and policies which are elucidated in the classical work, "Youths Should Continue the Revolution Generation After Generation."

The work published by the respected and beloved leader Comrade Kim Il-song and our party documents extensively elucidate all precious ideology, theory, and policy which arise in constantly strengthening and developing the youth movement and in preparing youths to become reliable successors to the revolution of our times.

Our youths can brilliantly perform the heavy duties of the times and history and can constantly glorify the honor of being Korean youths only when they live and work according to the ideology and spirit elucidated in the great leader's work and party documents, as in the past. Today, our party pins great hopes and expectation on youths and, therefore, has bestowed all love and consideration upon them. Our youths should cherish deep in their hearts the great pride and dignity of living in and carrying out the revolution in the most superior socialist system led by the great party and the great leader. Thus, they should eternally uphold the party's cause with loyalty.

Daily Lauds Nation's 'Superior' Socialism

SK0307094091 Pyongyang Korean Central Broadcasting Network in Korean 0008 GMT 28 Jun 91

[NODONG SINMUN 28 June special article: "Socialism in Our Country Is Superior One That Defends Popular Masses' Independent Demand Most Thoroughly"]

[Text] In his immortal work "Our Own Style of Socialism Centered on the Popular Masses is Invincible, Ever-Victorious," the dear leader Comrade Kim Chong-il, while explaining that the chuche idea as a man-centered outlook on the world, has defined anew that our socialism that has thoroughly embodied the chuche idea defends the demands of the popular masses from all walks of life, including the working class, the nation's sovereign right, and the independent desire of the people of the world.

In this way, the real nature and superiority of our own style of socialism has been broadly explained, scientifically and theoretically, and the most correct guidelines for fully glorifying our own style of socialism centered on popular masses have been provided.

The dear leader Comrade Kim Chong-il has noted: Because it embodies the chuche idea, the revolutionary idea of the era of independence, ours is indeed the most superior socialism centered on the popular masses that thoroughly defends all such things as the demand of the working class and of the popular masses from all walks of life, and the nation's sovereign right and the independent desire of the people of the world.

Such is the real nature and superiority of our own style of socialism centered on the popular masses as it stems from the chuche idea, our party's guiding ideology. The unique nature and superiority of the socialism we have been building springs from the greatness and superiority of the chuche idea.

The chuche idea is a man-centered outlook on the world. So, the chuche idea is a universal idea that anyone who defends independence and values human dignity and honor will take to worshipping and following, regardless of their class, sector, nation, and region.

Only when they base themselves on the chuche idea can people build a genuinely ideal society where all the people can enjoy an independent and creative life. In essence, socialism is a society that has embodied the real human demand who aspire to enjoy a dignified and rewarding life.

This being the case, the guiding ideology of the party of the working class engaged in socialist construction should

naturally be a guiding ideology centered on man that is aimed at thoroughly defending and fully realizing the demands of not only some of the members of society, but also the demands of the broad popular masses aspiring for independence.

Herein lies the reason why the chuche idea that regards the popular masses as the main force behind social movement and as the indigenous masters of society and then defends their independent demands and interest most thoroughly constitutes the correct guidelines for socialist cause.

It was the chuche idea that has paved the way for socialism in our country and the chuche idea has provided the guidelines for its advancement, development, and consummation. The chuche idea has always been the starting point of the lines for socialist construction as well as the banner that enabled the popular masses to realize their independent demands.

Our socialism, which advances assuming the chuche idea as its guideline, is a popular socialism that has, before anything else, thoroughly embodied the demands and desires of the popular masses from all walks of life, including the working class.

The genuinely popular nature of socialism is determined largely on what kind of guiding ideology it has been built. Only when the guiding ideology reflecting the independent demands and desire of the popular masses constitutes the ideological foundation can socialism become a society centered on the popular masses that defends and embodies the interest of the popular masses.

The chuche idea, the ideological foundation of socialism in our country requires that the broader popular masses from all walks of life, including not only the working class, but also peasants and intellectuals, be regarded as the composing part of the main force behind the revolution and that their interest be defended.

The working class is a class that embodies the basic desire of man to live and develop himself independently and creatively at the highest level.

The demand of the working class is to enjoy an independent and creative life after being freed from all manner of subordination and bondage.

This demand of the working class conforms to the demand of all classes and strata which have interests in social progress.

Our party brilliantly embodied the class demand of the working class and the demands of the masses of all strata, as well as national demand, with the chuche idea as its guiding policy, making them a starting point of all lines and policies. This has been an important key that has enabled our party to build such popular mass-oriented socialism as we enjoy today.

Our socialism, whose guiding policy is the chuche idea, thoroughly and comprehensively realizes the demands and aspirations of the working class and all other strata of popular masses as a whole. It is a society which progresses because of the revolutionary zeal of all the people of the country. Our socialist construction—from the work of building the foundation of socialism to today's higher-stage struggle to realize the complete victory of socialism—has been carried out, without exception, in conformity with the independent demand and aspiration of all the members of society and by the force of their many-sided zeal and devoted struggle.

In our country, the leading role of the working class has been intensified in socialist construction and the overall features of society are transformed into the form of the working class, and our society is developing into a working-class and classless society.

Under the wise leadership of the party and the leader, the land reform was implemented in conformity with the universal aspiration of the peasants who wanted to become masters of the land, and the collectivization of agriculture was carried out thoroughly in the post-war period on the pluralistic principle along the original road of remodeling the management style in a socialist way ahead of the technological remodeling, reflecting the aspiration of the peasants.

At the same time, the rich farmers and capitalistic merchants and industrialists were not liquidated in the socialist revolution, but were induced to work in the collective economy on a voluntary basis; thus they were remade into socialist working people. Our party leads all the people who are remade as socialist working people along the road of socialism, trusting them to be the eternal allies of the revolution. Our socialism has been able to be continuously strengthened and developed, enjoying the absolute support and trust of all the people of the country because our party thoroughly realized the independent aspirations and demands of the popular masses of all strata, not only a part of the members of society but also the popular masses of all strata, including the working class, and firmly united the masses of broad segments by correctly embodying the class line and mass line, thereby strengthening the main-force of the revolution and mounting socialism on the broadest social and class foundation.

How the independent aspirations and demands of the working popular masses, including the working class, are embodied and realized is a very important problem in the theoretic clarification of the nature of socialism. This problem should be elucidated so as to give a correct clarification of the essential characteristics of socialist society and the nature of the people in it, and, accordingly, to precisely elucidate where the superiority of the socialist system comes from.

Our socialism not only represents a society which conforms to the aspirations and demands of the working class where the working class nature is apparent, but also a society which conforms to the aspirations and demands of the masses of broad strata, including farmers and working intellectuals, and this is connected with the fact that our socialism has the most consolidated and broadest social and class foundation.

One of the great significances of this work is that it elucidated the fact that the socialism of our country represents a

superior popular mass-centered society by clearly clarifying this very problem theoretically and practically.

Our socialism, which advances with the chuche idea as a guiding policy, is also a socialism which most thoroughly defends the independent rights and interest of the nation as well. The country and the nation are a consolidated body of the people which has been formed socially and historically. They are a body of common destiny. The revolution and construction are carried on by the country and the nation as a unit, and the interest of the popular masses is realized with the country and the nation as a unit.

At a time when the imperialists are viciously maneuvering to infringe upon the sovereignty of the nation and the people, it is vital to achieve the independent demand and interest of the popular masses to thoroughly defend the independence of the nation and the people.

The chuche idea takes it as the basic demand in achieving the independence of the popular masses to defend the independence of the nation and the people.

To defend the independence of the nation and the people, one should handle [chori] all questions raised in the revolution and construction in one's interest based on one's demand and according to one's independent judgment and decision in compliance with the demand of the chuche idea.

Since our people advanced by taking as a guideline the chuche idea and our party's lines and policies—the embodiment of the chuche idea—we could persistently advance along the most straight road of socialism.

We began to carry out the revolution under the circumstances of a backward colonial semi-feudalistic society. We had to build socialism under difficult conditions in which the nation was divided into the North and the South and everything was destroyed by the war.

There was no prescription [chobang] for us to deal with this practical situation; and with existing theories, we were unable to pioneer the unfamiliar path of socialist construction.

Our party implemented independent politics to defend and achieve the independence of the nation and the people and solved all problems raised in the socialist construction in our own way according to our people's demand and our nation's practical situation.

No one can trample underfoot the dignity and sovereignty of the people who are carrying out the revolution in their own way by taking their party's guiding idea as a guideline and by firmly maintaining the independent position in the revolution and construction.

By firmly maintaining the independent and creative position throughout the entire course of socialist construction and by thoroughly implementing the revolutionary line of independence, self-reliance and self-defense, our people have become a great people whose independence is strong and firm.

It is our people's noble national spirit and determination to live and fight in our own way by firmly defending the sovereignty of the people under any circumstance.

The attempt to build socialism by depending on other people without one's own faith and principle, not trusting one's strength, has nothing to do with our people's ethics. The lofty national dignity and pride cherished by our people clearly prove that thoroughly defending the independence of the nation and the people is the most important issue for building the popular mass-centered socialism.

Our socialism, which is advancing by taking the chuche idea as a guideline, thoroughly defends the independent aspirations of the world's people.

It is the demand of the chuche idea to oppose domination and subjugation and inequality between the nations and between the peoples and to achieve the independence of the entire world. The cause for independence of the entire world takes as an indispensable demand the international friendship and cooperation between the nations and between the peoples.

That all countries and peoples strengthen international cooperation based on the principle of independence, equality, and mutual respects creates a favorable condition for the people to achieve the cause of independence.

Our popular mass-centered socialism, which embodied the chuche idea, regards it as an important duty to defend the independence of the nation and the people and to actively achieve the independence of the world's people. Proceeding from this, independence, peace and friendship are the basic ideals of our Republic's foreign policy.

Under this ideal, our people actively are contributing to achieving the cause of independence of the world's people by strengthening solidarity with the peoples of all countries aspiring to independence and by developing friendship and cooperative relations with them.

Our country's socialism is the superior popular mass-centered socialism which most thoroughly defends the independent demands of the popular masses and the independent rights of the people, as well as the independent aspirations of the world's people.

Deeply cherishing the lofty national pride and dignity in living and carrying out the revolution under this superior socialist system, all party members and workers should carry out the chuche socialist cause to the end under the leadership of the party and the leader.

KCNA Review of 4 Jul Pyongyang Press

SK0407061391 Pyongyang KCNA in English 0523 GMT 4 Jul 91

[Text] Pyongyang July 4 (KCNA)—NODONG SINMUN today frontpages a letter to President Kim Il-song of the Democratic People's Republic of Korea from the participants in the starting ceremony of the "international solidarity march for supporting Korea's reunification" organized by the Bangladesh national preparatory committee.

Solidarity letters came to the great leader President Kim Il-song from different countries supporting the joint statement of the DPRK's politicai parties and public organizations, reports the daily.

It informs the readers that "Symbol of Friendship," a book about President Kim Il-song, was published in the Soviet Union.

It conveys words of South Korean people expressing ardent reverence for the dear leader Comrade Kim Chong-il.

The daily tells a story that Comrade Kim Chong-il brought up young people to be dependable revolutionaries who would shoulder the future of the country.

Given in dailies are an account of the opening of a national meeting of frontrankers in the model machine movement of loyalty for emulating Lathe No. 26 and a congratulatory message of the Central Committee of the Workers' Party of Korea to the participants in the meeting.

Papers editorially call for accomplishing the cause of national reunification through the application of the three principles on the occasion of the 19th anniversary of the publication of the historical July 4 North-South joint statement (July 4, 1972).

"The Chuche Idea Is Revolutionary Idea Indicating the Way of Realizing Independence of the Popular Masses" is the title of a NODONG SINMUN article.

The inaugural meeting of the Kalimati committee for supporting Korea's reunification was held in Nepal, says the daily.

MINJU CHOSON and PYONGYANG SINMUN tell a story that a Soviet citizen saved a Korean boy from drowning.

Papers convey foreign public tones strongly demanding the United States immediately withdraw its forces and nuclear weapons from South Korea on the occasion of the June 25-July 27 month of anti- U.S. joint struggle and denouncing the U.S. imperialists' and the South Korean authorities' nuclear threat to the DPRK.

Korean residents in the United States and U.S. figures staged a demonstration in front of the White House in protest against No Tae-u's trip to the United States, according to the press.

NODONG SINMUN in a commentary hits out at No Tae-u for opposing the withdrawal of U.S. forces and nuclear weapons from South Korea in an interview with the U.S. paper LOS ANGELES TIMES.

Appearing in the daily is the second part of an article exposing that the U.S. imperialists and the South Korean authorities are the criminals who unleashed the Korean war.

Published in the press is news that a letter of the chairman of the Korean Student Committee to the South Korean "education minister" was sent over radio.

A commentary of MINJU CHOSON denounces the South Korean authorities for attacking and searching the office of the Coalition for National Democratic Movement.

NODONG SINMUN gives accounts of starting ceremonies of the "international solidarity march for supporting Korea's reunification" held in various countries.

Papers inform the reading public that Comrade Fidel Castro in an interview with the Mexican magazine SIEMPRE declared that Cuba can never abandon its revolutinary idea or concede principles.

Included in the international news of NODONG SINMUN are reports that the CHINESE PEOPLE'S DAILY carried an editorial marking the 70th anniversary of the founding of the Communist Party of China, a meeting for Japan-Korea friendship was held in Aichi Prefecture, Japan, and the Soviet paper SOVIETSKAYA ROSSIYA carried "The Road to Poverty", an article by a U.S. scholar.

South Korea

Agreement With PRC on Use of Official Names

SK0507025291 Seoul YONHAP in English 0232 GMT 5 Jul 91

[Text] Seoul, July 5 (YONHAP)—South Korea and China have agreed to refer to each other by their official names in non-political events such as trade fairs, heightening the possibility of early normalization of ties and further expansion of bilateral trade, an official at the Trade and Industry said Friday.

China is allowed to use "the People's Republic of China" at a trade exhibition now in Seoul, he said on condition of anonymity.

Korea is expected to use "the Republic of Korea" next April at the Beijing International Fair, he said.

He said the China Council for Promotion of International Trade (CCPIT) proposed informally in April that the two nations call each other by their official names.

Korea and China have trade representative offices in each other's capital but have yet to normalize diplomatic relations. Despite improving economic and diplomatic cooperation between Seoul and Beijing in recent years, China remains a staunch ally of North Korea.

The change is likely to be expanded to economic areas and Korean products bearing the official country name may enter the Chinese market, he said.

The Korea Trade Promotion Corp. took part in the Beijing International Fair in April last year as entry at governmental level was blocked. The state-run company was not allowed to use the Republic of Korea in brochures and leaflets.

In May, CCPIT publicity materials were held up by customs in Seoul because the official country name was printed on them.

Reportage on U.S. Visit of No Tae-u Continues

No Tae-u Recaps Issues Discussed

SK0407010691 Seoul YONHAP in English 0033 GMT 4 Jul 91

[Text] Washington, July 3 (YONHAP)—South Korean President No Tae-u said Wednesday he would seek a common formula with North Korea for reunifying the Korean peninsula.

No, winding up a two-day state visit to Washington, also told Korean correspondents an inter-Korean summit could facilitate the process of reunification.

"Taking everything into account, I believe national reunification can and should come before the arrival of the 21st century. We have to fully consider the pains Germany is experiencing after the unification. I'm talking to North Korea that our reunification can come not in a German-style absorption of one side by the other. I'm talking to them, 'let's just cooperate and build confidence'," No said.

"If the two sides continue to discuss each of their formula through the summit and other levels, common things can be found. It is difficult to judge (North Korea's unification policy), but our ministries are studying various forms of reunification. The (inter- Korean) premiers' talks last year produced many things in common. If the summit leaders meet and talk, it will facilitate the process."

No arrived Monday as a state guest and held summit talks with President George Bush before flying to Canada on Wednesday afternoon.

Denying that Washington invited him as a state guest to "gain something," the president said the United States had honored him "just to express respect for bilateral friendship, and Korea's growth and democratization." He added, "it was not a gesture to get something from us as in the past."

No also denied that he and Bush discussed trade issues.

"When trade expands, friction can naturally occur. Such issues as market opening will be discussed by working-level officials in the days ahead," he said. "We didn't talk about the trade issue in details."

After the 65-minute summit, American officials said private talks between the two leaders centered on trade issues and North Korea's nuclear threat. Washington has been calling for freer access to Korean markets, particularly the agricultural sector.

No and Bush agreed North Korea should sign the International Atomic Energy Agency's [IAEA's] nuclear safeguards accord immediately, without attaching any strings, and fulfill its obligation as a signatory of the Nuclear Non-Proliferation Treaty [NPT].

"The Soviet Union, China and Japan also agree that North Korea's attempt to develop nuclear weapons and the question of nuclear arms presence in (South) Korea constitute separate issues," No said.

"The international community, being aware of North Korea's provocative nature and its past activities, believes North Korea's nuclear capability poses a threat. All the nuclear power of the United States, the Soviet Union and China are placed under the rule of the IAEA safeguards accord. The international community has the right to demand North Korea fulfill its NPT obligation."

Reiterating his contention that the idea of nuclear-free Korea is "meaningless," No said the peninsula could be denuclearized only when all surrounding countries had scrapped any nuclear weapons that could threaten Korea.

If North Korea signed the IAEA accord and made South Korea believe it had abandoned nuclear arms development it would be "great progress," No said.

He said he hoped the United States and other friendly nations would have "good" relations with North Korea but warned, "relations should develop in a way benefitting the future of the Korean peninsula and the inter-Korean relations."

Turning to relations with China, with which South Korea exchanged trade offices earlier this year, he said: "Our ties with China are improving steadily, though not very rapidly. When we consider the nature of the Chinese people and their relations with North Korea, we can understand their slow pace. Our relations with China will become normalized in time."

Spokesman's Account of Talks

SK0407014091 Seoul THE KOREA TIMES in English 4 Jul 91 p 2

[Summary of ROK President No Tae-u's Talks with President Bush, by ROK presidential spokesman Yi Su-chong]

[Text]—The two Presidents exchanged their views on the situations on the Korean peninsula and in Northeast Asia. They agreed that it is mutually beneficial for Korea and the United States to have shared visions for the 21st century and to strengthen their close cooperative relations.

—The two Presidents reconfirmed that the peace and stability on the Korean peninsula is pivotal to the peace in Northeast Asia. In view of the recently evolving trend conducive to the creation of favorable international atmosphere for peace and stability in this region, they agreed to actively cooperate to accelerate this trend, thus consolidating peace and stability on the Korean peninsula.

—President Bush reiterated his firm support for Korea's efforts to achieve democratic and peaceful reunification and promised the United States' best contribution to this end.

—The two Presidents agreed to continue developing mature and lasting Korea-U.S. partnership not only in the process of but also after the reunification on the basis of close cooperation in diplomatic, economic and security areas. They hoped that cooperation between unified Korea and the United States would greatly contribute to the peace and prosperity of the region.

—The two Presidents shared the view that the Asia-Pacific region will play an important role in realizing a prosperous world. They agreed that Korea and the United States, both as the Asia-Pacific countries, would closely cooperate to promote reconciliation and cooperation in the Asia-Pacific region.

NK's Nuclear Program

—The two Presidents expressed grave concern at the fact that North Korea has not yet concluded safeguards agreement with IAEA [International Atomic Energy Agency] and is continuing the construction of nuclear reprocessing facilities.

—The two Presidents agreed that North Korea, as it has already announced at an IAEA Board of Governors meeting, should conclude without further delay the safeguards agreement with IAEA, and that it should place all nuclear-related material and facilities including reprocessing facilities under international inspection. They emphasized that these measures should be taken as its legal obligation as a signatory to the Nuclear Non-Proliferation Treaty and cannot be linked with any other issues.

—The two Presidents shared the understanding that North Korea's development of nuclear weapons is a threat not only to the security on the Korean peninsula but also in Northeast Asia and agreed that Korea and the United States would exert all diplomatic efforts to remove the threat.

Chemical Weapons

—The two Presidents expressed concern at the increasing danger of proliferation of mass destruction weapon and agreed that the international community needs to step up the efforts to prevent it.

—In this regard, President No expressed Korean government's support to President Bush's declaration of May 13, 1991 on abolishing chemical weapons and mentioned that Korea would sign the Chemical Weapons Convention, when it is open for signature.

US-NK Relations

—With regard to U.S.-North Korean relations, President No said that the Republic of Korea would support the United States policy toward North Korea. President No noted that the United States has made clear to North Korea the circumstances under which it would be willing to improve its relationship with North Korea. Particularly President Bush assured that in pursuing contacts with Pyongyang, the United States will take the progress of inter-Korean relations into full consideration and that it will have close consultations with the Republic of Korea on this matter.

—The two Presidents also shared the view that any progress in the U.S.-North Korean relations should be made in a way to contribute to the opening and reform of North Korea and to the establishment of constructive inter-Korean relations. The two Presidents agreed that this would contribute to easing tension and consolidating peace not only on the Korean peninsula but also in Northeast Asia.

U.S. Market Opening Demand Denied

SK0307133391 Seoul YONHAP in English 1314 GMT 3 Jul 91

[Text] Washington, July 3 (YONHAP)—The spokesman for visiting South Korean President No Tae-u Wednesday denied reports that U. S. President George Bush strongly demanded South Korea open financial market and improve agricultural structure while No accepted Bush's demands in their summit meeting Tuesday.

Yi Su-chung, the spokesman, said that the two presidents simply stated their basic positions on the matters concerning Korea's market opening and the Uruguay round of trade negotiations.

President No expressed the view that the matters should be continuously consulted between the two governments.

During the summit meeting at the White House, Bush expressed the hope that bilateral relations between Washington and Seoul be improved through Korea's opening of market and the improvement of agricultural structure, Yi said.

By doing so, Bush said, the trade barriers may be removed and free trade be promoted, according to Yi.

No was quoted as saying that South Korea supported the successful settlement of the Uruguay round negotiations. The Korean leader suggested to continue negotiations among relevant countries for the successful settlement of the Uruguay round and promotion of free trade.

South Korea is a country which is liberalizing trade most swiftly, the Korean president said.

As a result of such effort for trade liberalization, South Korea has recorded a deficit of 1 billion U.S. dollars so far this year in the trade with the United States, No said.

Daily Questions No Tae-u Stance

SK0507092091 Seoul HANGYORE SINMUN in Korean 4 Jul 91 p 2

[Editorial: "President's Diplomacy and National Independence—His Views on U.S. Troops Stationed in Korea and on Nuclear Weapons Are Called Into Question"]

[Text] Our eyes were all glued to what is said to have been agreed between the leaders of Korea and the United States at their summit on 2 July. Many people may have expected that President No Tae-u, who went to the United States as a "state guest," the first such treatment for the president of our country in 26 years, would discuss and agree on issues in his summit talks with President Bush in a manner corresponding to his stature.

An examination of what is said to have been agreed between the two leaders makes us wonder what goals President No seeks to achieve in his talks with President Bush. At the talks held on 2 July, the two leaders mainly

discussed reunification of the Korean peninsula, Korea's opening up of its market, realignment of Korea's agricultural structure, and increasing the ROK's share of defense expenditures for the stationing of U.S. troops in Korea.

First, President Bush confirmed his firm, unqualified support for Korea's effort to achieve democratic and peaceful reunification, stating that reunification of the Korean peninsula should be realized by the South and North themselves. However, their agreement on the stationing of U.S. troops in Korea and on North Korea's nuclear issue quickly proves that this confirmation is nothing but diplomatic rhetoric. President No said, "Korea needs the continued stationing of an appropriate number of U.S. troops in Korea and Korea will increase its share of defense expenditures for the stationing of U.S. troops." When experts generally believe that South Korea is far ahead of North Korea economically and its military strength either equals that of North Korea's or in practice is a lot more modernized than that of North Korea, who would find his words that U.S. troops should continue to stay in South Korea persuasive. It is equally unreasonable for President Bush to say that reunification of the Korean peninsula should be realized by the South and North while keeping tens of thousands of U.S. troops stationed in the South.

If President No genuinely intends to seek "democratic and peaceful reunification," he should have said: "U.S. troops should leave Korea, not right away, but on a phased basis." If it was awkward for him—because of his postion or ROK-U.S. relations—to ask for the withdrawal of U.S. troops from South Korea, he at least should have asked for the transfer of the operational control over the Korean Army at the earliest possible date, thereby clearly showing his stature as president of an independent country.

Domestic critics say that in his diplomatic effort the president has created the strong impression that he has completely failed to take notice of national independence and national self-respect. At a time when it is feared that the apartment houses under construction in Seoul's satellite cities might come tumbling down, repeating what happened to "Wau Apartment Houses" [jerry-built apartment building in Seoul which collapsed decades ago, resulting in deaths], and when small- and medium-size businessmen find it almost impossible to obtain loans from the state-controlled banks, who among the people would try to understand the president's voluntary promise on increasing the ROK's share of defense expenditures for the stationing of U.S. troops in South Korea?

The ROK and the United States agreed on some issues during the summit talks. However, only the U.S. opinions are reflected in the handling of, among other things, North Korea's nuclear weapons and nuclear development and ways to deal with them. The presidents of the two countries agreed to "make every diplomatic effort to prevent North Korea from developing nuclear weapons." However, they did not say what they would do about several hundred or more than a thousand nuclear warheads and tactical nuclear weapons that are said to have been deployed in South Korea. Under circumstances in which North and South Korea are under an armistice and confronting each other, nuclear weapons are accumulated on one side, while the other side, U.S. intelligence agencies have said in their "report," is just in the stage of developing nuclear weapons. Therefore, we wonder what diplomatic effort they can make vis-a-vis North Korea.

The United States must be more honest if it truly wants the reunification of the Korean peninsula and intends to help us overcome the division. As Scalapino has said, the United States has "adhered to the 'policy of neither confirming nor denying' the presence of nuclear weapons in the ROK, even though it has admitted the presence of its nuclear weapons in Europe." This is not merely an immoral act, but it completely ignores the ROK people's sovereignty.

Discussions on the opening of our market and the restructuring of our agriculture, as well as on the presence of U.S. troops and nuclear weapons and other matters that are directly related to reunification, also make us wonder what President No is trying to get from his "state" visit. Solomon, assistant U.S. secretary of state for East Asian and Pacific affairs, has been reported to have said: "During the ROK-U.S. summit talks, President Bush expressed his hope for a successful conclusion of Uruguay Round negotiations. I think that in saying so, he indicated that he would resort to every means to reach an agreement to open up." Under circumstances in which our distribution markets have been opened, if even our agriculture is "restructured" to make U.S. farmers and stock breeders richer, where can our country's farmers find a government that protects them?

In diplomacy, a country can get something only when it gives in return. However, during his visit to the United States, President No has given too much. What he has received in return appears to be merely the U.S. President's support for the [No Tae-u] regime's policies.

Therefore, we feel even sorrier today that we don't have a regime that can maintain vital sovereignty. There is no way to establish such sovereignty except for the people, the country's masters, to establish it themselves.

No Tae-u Arrives in Canada for State Visit

SK0407021691 Seoul THE KOREA HERALD in English 4 Jul 91 pp 1,5

["By Kang Song-chol Korea Herald correspondent"]

[Text] OTTAWA—South Korean President No Tae-u arrived here from Washington Wednesday [3 July] afternoon (Thursday morning, KST) for a three-day state visit that includes talks with Canadian Prime Minister Brian Mulroney.

No and Mulroney, meeting Thursday morning, are expected to discuss ways to expand bilateral trade and economic cooperation, said a senior aide to No.

Particular emphasis will likely be placed on promoting the combining of Canada's rich natural resources and advanced technology with South Korea's industrial production capability and skilled manpower.

The two leaders are also to exchange views on promoting cooperation among the Asia-Pacific countries through the fledgling 12-member Asia-Pacific Economic Cooperation (APEC).

Upon arrival at Ottawa Air Force Base, No was greeted by Canadian Governor-General Ramon John Hnatyshyn and Mulroney in a welcoming ceremony.

In an arrival statement, No said, "For over a century, Korea and Canada have been friends, and today the two countries have become the closest of partners, together ushering in a new era of common good in the Pacific.

"We have become important commercial partners, and the volume of our bilateral trade is growing consistently. In addition to the increasing cultural and personnel changes, expansion is also taking place in crossborder investment as well as in scientific and technological cooperation," he said.

In the evening, No will pay a courtesy call on the governor-general at his official residence. No will then attend a reception for Korean community leaders here at the Westin Hotel.

In Washington, No Tuesday evening [2 July] (Wednesday morning, KST) called for close partnership between South Korea and the United States in bringing an end to the territorial division of the Korean Peninsula.

"Both countries should closely cooperate to further promote positive changes on the Korean Peninsula, ultimately bringing an end to the era of anxiety and tension and resolving the tragic state of territorial division," No said in his speech at a state banquet hosted by U.S. President George Bush.

Bush said in his banquet speech: "My country and yours are partners in a common challenge. As free nations, it falls to us to maintain peace, liberty and prosperity for our people, and for men and women everywhere.

"Many ties bind our nations: Our devotion to democratic ideals, the fact that Korea is now our seventh largest trading partner, the many Americans of Korean ancestry..." Bush said.

During the banquet, the two presidents couples met alone for about 30 minutes in another room.

At the private talks, Bush asked No for cooperation in successfully settling the Uruguay Round of multilateral trade negotiations, an aid to No said.

Bush also called for Seoul's efforts to open its agricultural and financial service markets, according to the aide.

No had a breakfast meeting Wednesday morning with Washington Post Chairwoman Katherine Graham and several other key members of the paper. He then placed a wreath at Arlington National Cemetery.

In the afternoon, No met with U.S. Defense Secretary Dick Cheney before leaving for Canada following a three-day state visit.

Further on No Tae-u's Visit

SK0407035191 Seoul YONHAP in English 0247 GMT 4 Jul 91

[Text] Ottawa, July 3 (YONHAP)—South Korean President No Tae-u and Canadian Prime Minister Brian Mulroney will seek to upgrade economic and political cooperation and pinch a fisheries dispute in the bud here Thursday [4 July].

The two leaders, sharing the view that their economies are complementary, are likely to agree on further Korean investment in Canada, joint advancement of Korean and Canadian firms into Siberia and other parts of the world, and acceleration of cooperation in science and technology sector, Korean officials said.

They said the summit, the first between No and Mulroney, would also cover how to prevent bilateral friction stemming from Canada's restriction of fishing in the north Pacific and north Atlantic.

No flew into Ottawa on Wednesday [3 July] afternoon for a three-day state visit.

The two leaders will also pledge cooperation to clear the legacy of the cold war and to ease tension and restore peace on the divided peninsula, the officials said.

No and Mulroney will agree that North Korea should sign the nuclear safeguards accord of the International Atomic Energy Agency and open all its nuclear facilities to international inspection.

Mulroney is expected to tell No that Canada will improve relations with North Korea based on the North's steps toward settlement of the nuclear issue and progress in inter-Korean dialogue.

Canadian Ambassador to Korea Brian Schumacher said June 25 that Ottawa had rejected Pyongyang's overtures to normalize diplomatic relations.

Canada and North Korea had held informal discussions at consul level in Beijing for over a year and the North Koreans clearly expressed a wish to improve relations with Canada, he said.

They also specifically mentioned active commercial exchanges, including increased purchases of Canadian grain, and opening a trade office in Canada, the ambassador said.

Upon arrival at Ottawa Uplands Airport, No said Korea and Canada had become the closest of partners and he hoped his visit would be an occasion to further strengthen ties.

"For over a century, Korea and Canada have been friends, and today we have become the closest of partners, together ushering in a new era of common good in the Pacific...we have become important partners, and the volume of our bilateral trade is growing consistently."

Later in the day, No attended a reception for Korean residents of Ottawa at the Westin Hotel. He told the Koreans that reunification of Korea would come in a decade.

South Korea and Canada established diplomatic ties in 1963. There have been three summit meetings, all in the 1980s. Two-way trade amounted to 3.2 billion U.S. dollars in 1990 and is expected to hit 3.3 billion dollars this year.

Japan's Kanemaru Interview on Talks With North

SK0307131691 Seoul CHOSON ILBO in Korean 2 Jul 91 p 9

[Interview with Shin Kanemaru, former Japanese deputy prime minister, by Yi To-hyong, CHOSON ILBO editorial writer—date and place not given]

[Text] [Yi To-hyong] Since last fall, the name Shin Kanemaru has become famous in both South and North Korea. As a senior statesman of Japan's Liberal Democratic Party [LDP], an exceptional agreement was made after your meeting with Kim Il-song in North Korea, with whom Japan has no diplomatic relations. I have known you since 1978 when you served as the director general of the Japan Defense Agency. At that time, you said the ROK, Japan, and the Republic of China must cooperate with each other militarily. I remember that this remark became an issue at the Diet and Dietman Oite Shun of the Socialist Party talked about this issue for a long time. Since then, things have changed. Especially, last September, you visited North Korea and made many favorable promises to North Korea which has hostile relations with the ROK, an ally of Japan. I've heard many appraisals and criticisms of you. It seems that North Korea has much hopes in your playing the role of a bridge between the United States and North Korea.

[Shin Kanemaru] There are many kinds of criticisms. As there is a front and back to all things, my only intention was to make a breakthrough in North Korea-Japan relations. My position from the beginning was that I would not talk if the issues of Japan-ROK relations and Japan-U.S. relations were raised. Another thing is that what I put forth as a precondition before holding talks with North Korea was that since I am not a key figure in the government but just a member of the party, the issue of compensation—which deals with money—would not be mentioned.

There is also the issue of nuclear weapons. There can be absolutely no progress in this issue without the United States and North Korea first holding talks on this matter. Also, another precondition was that the issue of the armistice line between North and South Korea must be dealt with evenly if talks between North Korea and Japan were to progress.

Along with these issues, I believe that the Rangoon incident or the bombing of Korean Air Lines Flight No. 858 also has to be dealt with. This is because, in today's situation, countries the world over as well as Japan regard North Korea as a terrorist state. So I hope that North Korea will change its attitude regarding these issues.

[Yi] Did you talk to President Kim Il-song personally about this matter?

[Shin] I did.

[Yi] What did he say?

[Shin] He said that times have changed.

[Yi] That times have changed? Was that the only remark he made?

[Shin] Along with that, he said he doesn't think it good for his country to live alone.

[Yi] Critics in the ROK see an inconsistency in normalizing diplomatic relations between North Korea and Japan because, as you say, North Korea is still branded the world over as a terrorist state and because Japan's ally, the ROK, where you have many friends, has hostile relations with North Korea.

[Shin] I said from the beginning of the contacts between North Korea and Japan that if North Korea raised any issues regarding relations between the United States and the ROK, especially the ROK, or criticized these two countries, no dialogue would take place between North Korea and Japan.

My only aim was a breakthrough with North Korea. We cannot let a mouse bite a cat that has been driven into a corner. My opinion regarding this matter was consistent from beginning to end. The release of the detained crewmen alone is an issue that should be resolved by the Socialist Party, not myself. Their release is good from a humanitarian view, but I did not go to North Korea to deal with this matter.

[Yi] I understand that you cannot tell the whole world what you discussed with President Kim Il-song if for no other reason than to keep faith with him. Nevertheless, people—Korean people in particular—are anxious to know what could have been discussed in the secret Kim-Kanemaru talk, more because you went to Kim's mountain villa for the secret talks.

[Kanemaru] The truth about my visit to the mountain villa is that Kim Il-song invited me to the villa because he wanted to meet me. I refused to go there alone on the ground that it was not my place to do so as I was head of the LDP delegation and Mr Makoto Tanabe, head of the Japan Socialist Party delegation. Kim said that Mr Tanabe and I could come there together. As he went so far as to suggest that I meet him alone and that he would meet Mr Tanabe separately, I had no choice but to agree to his suggestion. It was a villa on Mt Myohyang, about a 5- to 10-minute drive from the guest house where I was staying. In the beginning, Kim said he would come to see me at my hotel. I insisted on visiting him myself, but he came to my place at about six in the evening.

First, he said he wanted to hear from me about the world situation. I sensed that he was out of touch with what was happening in the outside world.

I told him about Iraq, the present-day situation in Japan, Japan- U.S. relations, and the UN issue. He even said that

he could not afford to be indifferent to the Iraqi question. After saying that he was scheduled to visit Shenyang to meet with General Secretary Jiang Zemin of China, he apologetically said he was sorry for being unable to accord me a proper reception. I wondered why he would want to go to Shenyang, but I could not ask why. I later told President No, U.S. Ambassador to Japan Amarcost, and the Japanese Foreign Ministry about this. None knew about it.

[Yi] How did you communicate with each other? Was there an interpreter. How long did your tete-a-tete with Kim last?

[Kanemaru] There was an interpreter named Hwang and I remember that it took about an hour. During this meeting, we did not have any serious matter to discuss, however. We were of the same opinion that there was plenty of time. We met again at 1000 the next morning and continued our conversation until noon.

[Yi] Was it during this meeting the next morning that you two discussed working issues, such as compensation and negotiations between Japan and North Korea over the establishment of diplomatic ties between the two countries?

[Kanemaru] I must repeat what I have said already. During the meeting among Tanabe, Kim Il-song, Kim Yong-sun, and myself, I made it clear that my primary concern was to open a crack in the thick wall and talking with me about the compensation, that is money matters, will get nowhere. About nuclear inspection, I said that almost every member state of the United Nations has accepted nuclear inspection and North Korea and Cuba were probably the only countries in the world that have refused to allow in the international inspection team. After hearing me out, Kim Il-song said that he would agree to it if the two sides of the Korean peninsula are open to international nuclear inspection.

So, I asked him if it was true that he had a factory for the production of nuclear weapons. He said the plant was a research nuclear reactor built by the Soviet Union in the postwar period, that it was a decrepit building. He also said it was not fair that only North Korea's nuclear facilities should be inspected. He complained that there was a lot more nuclear weapons in the South.

[Yi] Kim Il-song cited the existence of the so-called Korean People's Revolutionary Army and the successes it attained in the anti-Japanese struggle as the reason Japan should agree to compensation for Korea. Did he say the same things during your talks?

[Kanemaru] No, he did not.

[Yi] One thing more. The general idea our people have about Japan-North Korean relations is that Japan doesn't want Korea to grow any stronger and that Japan is determined to divide and rule the South and North by getting closer to North Korea which can offer cheap labor, distancing itself from South Korea which no longer offers low wages or attractive environment for investment. What do you think of such an allegation?

[Kanemaru] It never occurred to me. There are many people in North Korea who use my name to expedite their undertakings.

[Yi] Do you mean some Japanese?

[Kanemaru] Japanese, of course. After hearing about these Japanese, I had my close associate Hirou Nonaka, lawmaker from Kyoto, make clear my position to the North Korean side. Through him, I said: If we waste time and money to sound out the other while trying to save face and beat around the bush, we will get nowhere. If that is all and nothing happens, we better stop beating around the bush. Another issue concerned nuclear weapons. South Korea is not the only country that fears nuclear weapons. Japan, too, is fearful. If Japan and North Korea were to establish diplomatic relations, the two countries must settle this issue before proceeding to other issues. I wanted lawmaker Nonaka to convey my words to North Korea, loud and clear.

[Text] Even prior to this, when Kim Yong-sun flew directly to Japan by chartered jet, I emphatically told him the same thing, for four days. I said: Improve relations between the United States and North Korea and relations between the North and South. If North Korea were to improve relations with the United States and South Korea, its nuclear facilities would create the biggest problem. I said North Korea should make clear its position on the nuclear issue. I went so far as to suggest that North Korea stop talking about the establishment of diplomatic relations with Japan if it is inclined to save its face even while making an issue over the existence of nuclear weapons in South Korea.

[Yi] North Korea announced last May its decision to seek a UN seat and in June it made public a different attitude toward the nuclear inspection, a drastic departure from its hitherto position, although it did not forget to put some conditions on the decision. Is this the result of your efforts to build a bridge between North Korea and the United States for their improved relations?

[Kanemaru] I did not promise that. I have made my share of effort toward that purpose. I told the North Koreans that if you refuse to accept international nuclear inspection on the ground that there are nuclear weapons in the South in a bid to save face, talks will not move ahead.

When Kim Yong-sun was in Japan, I strongly urged him to make this point clear to President Kim Il-song. I think it was against this background, coupled with the serious economic troubles and isolation, that North Korea changed its attitude. I have never thought about such things as Japan approaching North Korea because it offers cheap labor.

[Yi] Apparently, North Korea's economic trouble, which seems to have reached extremity, may force North Korea to move toward normalizing its relations with Japan at the earliest possible date. Do you think the normalization will be realized in the near future. Tell me how you feel about prospects for it based on what has been discussed in the negotiations between the two countries so far.

[Kanemaru] In my personal view, the nuclear issue must be settled before anything else. As long as this issue remains unresolved, the United States will not normalize its relations with North Korea. The same is true of Japan. If Japan is to remain independent and sovereign, defense becomes its first priority. Nothing in defense policy can be as pressing as protecting the lives and property of its people. This being the case, there must be some sort of nuclear issue guarantee on the Korean peninsula.

[Yi] I hear that North Korea has tried to reach out to you through various channels since your visit to Pyongyang. I hear that you have received some gifts from North Korea, even some rare species of fresh water fish, have you not? Are you influenced by such things as gifts?

[Kanemaru] It is ridiculous. [laughter] Do I not send back some gifts?

[Yi] What did you send?

[Kanemaru] Before departing, we discussed what gift we should take to Kim. We agreed to take him an electric massage machine since he was aging and gaining weight. For his son, Chong-il, that's his name, isn't it, we took a stereo audio set or something like that. We had heard that he was fond of listening to music.

Joint Clothing Venture With North Planned

SK0207025791 Seoul KOREA DAILY in English 1 Jul 91 p 12

[Text] Doosung Trading Co., a South Korean garment maker, is negotiating with Kumgangsan International Trade and Development Corp., a North Korean trading firm, on setting up a 50:50 joint-venture for blue jean production in North Korea.

Kumkangsan is a state-run North Korean international trading agency which signed on Jan. 26 the first North-South Korean direct barter deal to exchange the South's rice for the North's natural resources.

Shipment of rice to North Korea the first direct barter deal has been delayed because of a conflict between the two Koreas involving the contracted price of South Korean rice.

If the first delivery of the South's rice to the North is made on schedule in July, Doosung will enter into further negotiations with Kumkangsan, South Korea's economic daily Chungang Economic Daily reported over the weekend.

The tentatively agreed upon plan is that Doosung will supply raw materials and Kumkangsan will supply factory lots, and workers. The final product will be exported to third countries.

The newspaper quoted a Doosung official as saying that North Korea is considering establishing the joint venture in the North's planned special economic zone.

Doosung and Kumkangsan are also discussing setting up another joint-venture for shoe production in North Korea, the newspaper said.

Doosung two months ago signed the second South-North direct trade deal with Kumkangsan to barter Southern consumer goods for cement, zinc and artworks.

The deal was worth 2.3 million dollars.

As the South's rice shipment to the North has been delayed, the artoworks from the North are being stored in the Pusan Customs Office's warehouse waiting for customs clearance. The artworks are valued at 650,000 dollars.

Car Sales to USSR, East Europe Increase

SK2906031591 Seoul YONHAP in English 0120 GMT 29 Jun 91

[Text] Seoul, June 29 (YONHAP)—South Korean automakers sold 9,866 vehicles in the Soviet Union and Eastern Europe in January-May, bettering the 12-month figure of 9,505 cars last year, the Korea Automobile Manufacturers Association (KAMA) said Saturday.

They sold 9,188 cars, 291 jeep-type vehicles, 286 buses and 101 trucks, up 27-fold jump from the same five-month period in 1990, a KAMA spokesman said.

He predicted continued robust exports to the region due to active developmental marketing, citing Hyundai's recent sale of 100 cars to Romania.

Poland was the largest buyer at 4,813 cars, up from 632 for all of 1990.

Exports to Yugoslavia, last year's top purchaser, flopped to two cars in May because of import controls imposed in April, but total shipments for the five months were 4,133 cars, a 12-fold increase from the same period last year.

Bulgaria bought 422 cars, including 309 cars in May alone, trailing 479 cars for Hungary which began to import Korean cars in last July.

In contrast, exports to the Soviet Union plunged 44 percent to 19 cars from 34 cars for the first five months of last year.

Hyundai was the largest exporter at 9,185 cars, including 4,253 to Poland, 4,128 to Yugoslavia, 479 to Hungary, 309 to Bulgaria and 16 to the Soviet Union.

Asia Motor Co. shipped 282 buses and 278 four-wheel drive vehicles to Poland, Kia sold 101 trucks to Bulgaria and two cars to the Soviet Union and Ssangyong sold one bus to the Soviet Union and one four-wheel drive vehicle to Yugoslavia.

Foreign Chemical Companies Face Dumping Duties

SK0507020291 Seoul THE KOREA HERALD in English Jul 5 91 p 12

[Text] Korea will impose its first anti-dumping duties on imports of polyacetal resin.

The Ministry of Finance said yesterday that the three foreign polyacetal makers here—Du Pont, Asahi Chemical and Hoechst—will be subject to anti-dumping duties from August.

The anti-dumping duty rates will be half of the already ruled anti-dumping margins, the ministry said.

The ministry's action followed the Korea Trade Commission [KTC]'s earlier ruling that the three foreign polyacetal resin makers are dumping products below their home price.

After a nearly one-year investigation following a local maker's dumping suit against the three foreign makers, KTC, a Korean watchdog for unfair foreign trade practices here, two months ago ruled that the three makers were guilty of dumping.

The dumping margin rates were 58.2 percent to 92.2 percent for Du Pont, 20.6 percent to 43.5 percent for Hoechst and 31 percent to 107 percent for Asahi Chemical.

Korea Engineering Plastics (KEP), a joint venture between the Hyosung Group and a Japanese chemical concern, filed the dumping suit against the three makers.

The dumping ruling against the foreign makers was the first case in Korea and signals that more and more Korean companies will file anti-dumping suits against foreign makers.

However, the case drew severe criticism from the three foreign makers, especially Du Pont of the United States.

Du Pont complained that KTC's ruling lacks "integrity and quality inspection," saying that Korea uses anti-dumping rulings as an invisible trade barrier against foreign products.

At the root of Du Pont's criticism is that Korea Engineering Plastics, who filed the suit, has been the market leader in pol acetal resin, although a latecomer to the market.

"It's ridiculous that the market leader can file an anti-dumping complaint against market losers and win the dumping case," an official at Du Pont Korea said.

Korea Engineering Plastic holds more than 50 percent of the domestic market, while Du Pont, once a market leader, has lost market share.

Du Pont last month brought the case to the General Agreement on Tariffs and Trade, the worldwide trade body, asking for a review.

On the occasion of President No's state visit to the United States, Du Pont also lobbied hard for the Korean government's reinvestigation of the dumping charges.

DLP Chiefs in South Cholla Province Resign

SK0507014691 Seoul THE KOREA HERALD in English 5 Jul 91 p 2

[Text] Chiefs on the ruling party's district chapters in the Chollanam-to province yesterday decided to quit en masse in a desperate attempt to have the party leadership bring about a parliamentary electoral system favorable to them.

Their resignations came after the party's 14 district chapter heads in the Chollapuk-to province tendered their resignations to ruling Democratic Liberal Party [DLP] Secretary-General Kim Yun-hwan Wednesday.

The five district chapter heads in Kwangju also decided to resign Wednesday.

Although the local party heads say they resigned because of the party's devastating defeat in the local elections, it is widely believed that they have become dissatisfied with the central party leadership.

They are achingly well aware that they stand virtually no chance of winning parliamentary seats in the region under the current electoral format in which only one legislator is elected from each constituency, according to party officials.

Deep-rooted localism was once again manifested in the second-phase municipal and provincial elections. The ruling party could gain only one of the 148 seats at stake throughout Kwangju and the adjacent Cholla provinces, the stronghold of opposition leader Kim Tae-chung.

According to the officials, the Chollanam-to district chapter chiefs demanded that the parliamentary election law be revised to pave the way for a multiple-seat constituency system under which three to nine lawmakers would be picked from each electoral district.

They strongly criticized the DLP leadership for trying to preserve the current electoral format in order to keep power by pitting "the Cholla area against the non-Cholla area."

They also demanded a revised proportional representation system under which a certain number of figures from a certain area (like Cholla provinces) can be automatically elected to the National Assembly according to the number of seats won by political parties in the relevant area.

In a move to smooth the disgruntled local partymen, DLP Executive Chairman Kim Yong-sam has said his party was considering a new constituency system that would be more economical and help ease provincialism.

However, DLP Secretary-General Kim Yun-hwan said yesterday his party cannot accept a multiple-seat constituency system, though he sympathizes with the local party leaders.

Under a multiple-seat electoral system, the ruling party may be able to secure one or two seats in each constituency in the Cholla region, but it won't be able to win three-fourths or two-thirds of the seats in other provinces, said Kim.

The ruling party cannot be guaranteed a majority in the National Assembly under the proposed new system, he said.

He said his party will return the resignations and will grope for ways to "save" those district chapter chiefs by adopting a new proportional representation system.

'Old Guard' 'Gearing Up' To Run for Assembly

SK0407050391 Seoul THE KOREA TIMES in English 4 Jul 91 p 2

[Text] The "old guard" who stood at the top rung of power under former president Chon Tu-hwan are gearing up to make another run to regain their lost standing by throwing their hats in the parliamentary election ring.

Meanwhile, erstwhile army general Kim Pok-tong, brother-in-law of President No Tae-u, has voiced his intention to jump into the parliamentary elections.

In particular, Chon's cohorts are reportedly testing the ground to create a new political party.

They currently are watching their steps but are eager for political reinstatement.

Ho Mun-to, former national unification minister, is preparing to run in his native place, Kosong, Kyongsangnam-to, in the hope that the current Chungmu-Tongyong-Kosong constituency will be divided.

Kim Yong-kap, former government administration minister, intends to compete in the Seoul Socho-B electoral district, while Ho Hwa-pyong, former senior presidential secretary for political affairs, will run in Pohang, Kyongsangpuk-to.

Besides, Kwon Ik-hyon, former chairman of the now-defunct Democratic Justice Party and a classmate of Chon and No at the Korea Military Academy, is also seeking political reinstatement, sources said.

In the meantime, Kim Pok-tong, who was a classmate of Chon and No at the Korean Military Academy, has recently set up an office in Taegu in preparation for the parliamentary elections in the Taegu Tong (East) constituency.

Kim Pok-tong has been forced to stay away from politics by Chon over his objections to Chon's rise to power in 1980 as well as by No on the account he is related to the president.

Regulations on Police Control Said Finalized

SK0507123691 Seoul YONHAP in English 1153 GMT 5 Jul 91

[Text] Seoul, July 5 (OANA-YONHAP)—The feud over the Home Ministry's regulations on the operation of police after the National Police Administration [NPA] is inaugurated in August was settled late Friday as the Ministry accepted the version of the National Police Headquarters, bowing to cries of top ranking police officers who charged the Ministry's version was designed to keep the police under its control.

In a top leaders' meeting of the Ministry and the National Police Headquarters (NPH), the government finalized the regulations on the control of the National Police Administration as demanded by the NPH, decreasing the home minister's control over the Police Administration in personnel and budgetary issues.

The finalized regulations erased the provisions for prior approval of the home minister for the NPA's budget request and the obligatory reporting of the appointment of high-level police officials to the home minister.

Senior alumni of the National Police College [NPC] began a signature-collection campaign earlier Friday to demand that the regulations put forth by the Ministry be drastically revised to reflect the opinions of the police force.

The senior alumni of the Police College have shown sharp opposition against the Home Ministry's regulations to control the burgeoning National Police Administration.

The National Police Administration is due to be inaugurated on Aug. 1 to guarantee the political neutrality of the police.

In a statement issued under the name of the NPC alumni, the senior police officers said that there has been some movement to underestimate the inauguration of the National Police Administration and hamper the dependence of police.

Farmers Reject Help From College Students

SK0307020991 Seoul THE KOREA TIMES in English 3 Jul 91 p 3

[Text] Voluntary service by university students into rural communities is meeting noticeable resistance from farmers. Some are even blocking activist students from entering their villages.

The farmers' refusal to accept service activities from students, right now being held across the country, is regarded as a slap in the face for student activism.

Over 50,000 students from 140 colleges and universities began massive rural service on Monday under the leadership of Chondaehyop, or the National Council of Student Representatives.

The rural service, usually rendered during the summer break, is particularly strong this year because Chondaehyop is attempting to overcome a setback of student activism brought on after students at Hanguk University of Foreign Studies pelted Prime Minister Chong Won-sik with eggs in early June.

Chondaehyop said about 8,000 collegians from 24 universities in Seoul left Monday for the countryside to help farmers work in the fields and offering lectures on politics.

The students' voluntary service is a kind of "enlightenment movement" in the rural communities to campaign for national reunification as well as to form a strong solidarity with farmers in democratic reform drives.

The boycott moves are particularly noticeable in Kangwon-to, where 1,600 students of Korea, Songgyungwan and Kangwon National Universities are gathered.

Organized boycotts were rendered in four villages yesterday, according to student sources.

Students suspect that administrative officials in towns organize the boycotts, by encouraging senior townsfolks not to allow students to even remain in the villages.

Brunei, Malaysia & Singapore

Malaysia

Government, Thais To Investigate Border Incident

BK0407074891 Kuala Lumpur Voice of Malaysia in English 0600 GMT 4 Jul 91

[Text] Malaysian and Thai police will investigate a reported intrusion by 30 armed Thai enforcement officers into the northern border town of Padang Besar. Inspector General of Police Tan Sri Haniff Omar says the matter has been communicated to the Thai side and both sides will cooperate in the investigation into the incident.

He was speaking to reporters at a press conference at the end of a routine meeting between top police officers of both countries in Kuala Lumpur. Also present at the press conference was the director general of the Royal Thai Police, Police General Sawat Amonwiwat, who led a 19-member delegation to the fourth review of the joint Malaysia-Thai Working Committee on criminal activities.

Tan Sri Haniff said the incident was not discussed in detail as information from both sides was very sketchy. Discussions during the two-day meeting covered 10 topics of interest, including firearms smuggling from Thailand to Malaysia, and Tan Sri Haniff said new topics included vice activities in relation to illegal entry of Thai nationals into Malaysia, drug trafficking, money laundering, and the exchange of information in the form of bilateral database.

Defense Minister Addresses Joint Border Meeting

BK0507114491 Kuala Lumpur Voice of Malaysia in English 0800 GMT 5 Jul 91

[Text] The minister of defense, Datuk Sri Najib Tun Razak, has called on the Malaysia-Thailand General Border Committee to focus its efforts on stabilizing the border area through social and economic development while maintaining security measures.

Speaking at the 25th meeting of the committee being held in Kuala Lumpur today, he noted that the security situation along the border had improved. Malaysia is happy to see the efforts made by the Thai Government in rehabilitating former armed members of the banned Communist Party of Malaya [CPM] and the development of [word indistinct]. He said Malaysia is doing its best to facilitate the return of some of them who have applied to the government. The process is being made in accordance with Malaysian law.

Datuk Sri Najib, who is also a joint chairman of the committee, pointed out since the cessation of armed struggle by the CPM, Malaysia has begun its operation to clear booby traps in January, covering the area in northern Perak. Operations to clear other areas will be launched soon.

The head of the Thai delegation, Supreme Commander of the Royal Thai Armed Forces General Sunthon Khongsomphong, in his speech said the General Border Committee symbolizes the spirit of cooperation and good relations between the two countries. The Thai Government is taking the framework of the committee as a model for the development of friendly and cooperative relations with its other neighbors.

Premier 'Satisfied' With Latin American Tour

BK0507101991 Kuala Lumpur BERNAMA in English 0918 GMT 5 Jul 91

[By Abdul Rahman Sulaiman]

[Text] Mendoza (Argentina), July 5 (BERNAMA)—Prime Minister Dr. Mahathir Mohamed is fully satisfied with the outcome of his just-concluded visit to Chile, Brazil, and Argentina.

Leaders of the three Latin American countries shared his belief that there was tremendous potential for enhancing relations, not only between them and Malaysia, but also between the region and Southeast and East Asia, especially in the field of trade and investment, he said.

He Friday told Malaysian newsmen accompanying him that the group of about 60 businessmen in his entourage also managed to establish useful contacts as well as conclude various agreements to facilitate trade and investments.

In a Malaysia-Argentina joint communique issued at the end of the prime minister's visit to Argentina, Dr. Mahathir and Argentine President Carlos Menem expressed satisfaction over the increasing trade and economic ties between the two countries.

They also recognised the vast economic potential existing in their countries and expressed their mutual desire to further strengthen such ties.

They agreed to examine ways and means of establishing direct air links and to improve sea communication in order to facilitate trade and tourism between Malaysia and Argentina.

The communique said Argentina also decided to accord Malaysian businessmen multiple-entry visas valid for three years to facilitate closer interaction between the businessmen of both countries.

Reaffirming their commitment to the system of open economy and free trade, the two leaders also agreed on the need for both countries to co-operate in all international forums to ensure the maintenance of the system which was important for global economic growth.

Both leaders also expressed support for efforts towards enhancing South-South co-operation as a means of spurring economic growth in developing countries.

Joint Military Exercise With New Zealand Ends

BK0207160891 Kuala Lumpur Radio Malaysia Network in Malay 1430 GMT 2 Jul 91

[Text] The 13th joint military exercise between Malaysian and New Zealand armed forces ended in Mersing today. Director of the joint exercise Major General Datuk Ismail Omar expressed his satisfaction over the results of the exercise, which began on 24 June. The joint exercise was

aimed at enhancing cooperation and understanding between the armed forces of the two countries as stipulated in the defense regulations of the Five Power Defense Arrangement.

About 3,400 members of the Malaysian Army's Third Division and 360 New Zealand Army troops took part in the joint exercise.

Chief Minister Wants 'Free Hand' on Projects

BK0407105491 Singapore THE SUNDAY TIMES in English 30 Jun 91 p 2

[Text] Johor Baru—Johor wants the federal government to give the state a free hand to implement Growth Triangle projects approved by Kuala Lumpur, Mentri Besar [Chief Minister] Tan Sri Muhyiddin Yassin said yesterday.

It will also set up a special town council to oversee the development of areas in Johor affected by the proposed second link with Singapore, he said.

Speaking to reporters after addressing the Johor State Assembly yesterday, he stressed that it would be easier for him to step up the develpoment of the Johor-Singapore-Riau Growth Triangle if Johor was given maximum autonomy to carry out projects approved by the federal government.

The Mentri Besar of Johor and other state officials should be allowed to act as Malaysia's spokesmen on matters concerning the Growth Triangle, he said.

"But as one of the states in Malaysia, we cannot act unilaterally because we need federal approval," he said.

Malaysia has formed a national committee to examine how other states in the southern region would benefit from collective efforts by the three partners in the Triangle to promote the area as a "single investment region".

The committee, chaired by International Trade and Industry Minister Datuk Rafidah Aziz, is scheduled to meet later next month.

Johor's "informal" status as Malaysia's representative in the Growth Triangle and the possibility of the federal government signing a memorandum of understanding on economic co-operation with Singapore are two of the key issues on the agenda.

Tan Sri Muhyiddin said he was in favour of Malaysia signing a Memorandum of Understanding to formalise on-going co-operative efforts between Singapore and Johor.

He noted that Indonesia had already signed one with Singapore, outlining the areas for economic co-operation.

He said the Malaysian national committee would also discuss ways to enhance Johor's ability to compete for foreign investments.

Speaking earlier at the Assembly, he reminded members that the second link was a federal project. It would involve the construction of a bridge linking Tuas in Jurong and Gelang Patah in Johor by United Engineers (Malaysia) Berhad (UEM) to ease congestion at the Causeway.

The new town council, he said, would encourage people living in Gelang Patah to set up joint ventures with the UEM constortium to develop their land.

Farmers occupying small plots of land would remain in the areas earmarked for development. They would be allowed to become share-holders of joint venture schemes to develop their land, he said, adding that the value of their properties would determine the number of shares they would hold.

In his speech, he also spelt out his stand on the proposal by the federal government to set up a new National Authority to control water resources in Peninsular Malaysia.

Replying to questions raised by members since the Assembly began its second sitting for the year on Thursday, he said the management of Johor's water resources should remain within the jurisdiction of the state government.

Replying to other questions raised during the seven-day sitting which ended yesterday, he also announced that Johor would launch a campaign to mobilise support for Vision 2020, the long-term plan by the federal government to turn Malaysia into a developed country.

Cambodia

Khmer Rouge Cease-Fire Violations Reported

BK0307122991 Phnom Penh SPK in French 1125 GMT 3 Jul 91

[Text] Phnom Penh 3 Jul (SPK)—On 1 July 1991 the Khmer Rouge launched a large-scale offensive against positions 2766, 2762, and 2760 of Division 94 of the Phnom Penh armed forces, located six km from Route 10 in Battambang Province, declared Hor Namhong to a BBC correspondent today.

The Khmer Rouge used tanks and heavy artillery in these violent attacks, stated the Cambodian minister of foreign affairs.

"As they were not prepared, the Phnom Penh forces had to pull out of these positions," affirmed the minister who added that "these cease-fire violations of such exceptional severity compel our forces to retake these positions soon."

Minister Hor Namhong on that occasion appealed to the other factions to respect the cease-fire won in Phatthaya so as not to block the road towards peace.

Communique Decries Offensive

BK0307130991 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 3 Jul 91

["Press communique from the Ministry of National Defense of the State of Cambodia"]

[Text] The recent meeting of the Supreme National Council of Cambodia [SNC] in Phatthaya achieved excellent results, the central points of which were the decisions to implement an unlimited cease-fire and to stop receiving foreign military aid. The decisions were unanimously made, thus opening the way to an overall solution of the conflict in Cambodia.

In such a situation, all armed forces of the State of Cambodia have been ordered to remain in their positions inside the regions under their control and to refrain from conducting any military activities that might lead to territorial expansion or encroachments against the other factions.

However, on the night of 1 July 1991—merely five days after the Phatthaya meeting—the genocidal Pol Pot gang launched a large-scale offensive using infantry, artillery, and tanks against State of Cambodia positions along Route 10 at points 2766, 2762, and 2760, located from 11 to 15 km northwest of Treng [Battambang Province].

This is a serious violation of the SNC communiques dated 24 and 26 June 1991, made by the genocidal gang whose two representatives themselves signed the communiques in front of the cochairmen of the Paris conference and the UN Secretary-General representative.

These acts show that the genocidal polpotists are warmongers and have no goodwill in settling the Cambodian problem politically. It was for this reason their representatives had refused to accept the UN offer to help monitor this voluntary cease-fire during the Phatthaya meeting. Not only does their cease-fire violation obstruct the process of the search for a political solution to the Cambodian problem in the future, it is also an attempt to sabotage the results achieved by the SNC in Phatthaya.

The Ministry of National Defense of the State of Cambodia would like to warn the warmongers to immediately end their military activities which run counter to the SNC communiques. If the violation persists, the armed forces of the State of Cambodia deem it their duty to defend themselves and will excercise the right to hit back at the very source of the violations, and the warmongers must bear full responsibility for any consequences derived from their acts.

Phnom Penh 3 July 1991

Phnom Penh Threatens To Retaliate

BK0507052391 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 4 Jul 91

[Station commentary: "The Behavior of the Inferiors"]

[Text] The meeting of the Supreme National Council [SNC] in Phatthaya, Thailand, ended by bringing hope to the Cambodian people, and all peace-lovers throughout the world, that gunfire will no longer be heard in the beautiful Land of Angkor and that people's blood will not again be shed.

During the meeting from 24 to 26 June, Khieu Samphan and Son Sen, representing the genocidal regime, agreed with other SNC members to continue an unlimited cease-fire and to stop receiving foreign military aid as of 24 June. That was the first time that these representatives of this abject and atrocious regime had softened their obstinate stance.

People still remember well that at the beginning of June in Jakarta, when the factions of the State of Cambodia, Sihanouk, and Son Sann agreed to observe the cease-fire until an overall political solution was reached, Khieu Samphan turned to announce his so-called [words indistinct] by setting 5 June as the ending date for the cease-fire.

This is why world public opinion thought that during the Phatthaya meeting, the Pol Pot clique seemed to be more flexible than previously. But it is very regrettable that only five days after this latest cease-fire agreement went into effect, that is on 1 July 1991, the bloodthirsty Pol Pot clique launched a large-scale offensive using guerrillas, infantry, artillery, and tanks against the State of Cambodia positions (?along Route 10) in Battambang Province at points 2766, 2762, and 2760, located from 11 to 15 KM northwest of Treng.

Is this an implementation of the cease-fire agreement? No wonder Khieu Samphan and Son Sen kept refusing to discuss the UN mechanism for monitoring the cease-fire. This is because no thief is willing to allow a policeman to monitor his behavior.

Moreover, on 29 June, Britain's UPI condemned the Pol Pot clique for shelling a refugee camp at (Tuol Chambak) in Phnum Sruoch District of Kompong Speu Province while American officials of an international humanitarian organization were distributing relief aid to refugees and giving medical treatment to children there.

All these activities are clearly most serious violations of the cease-fire agreement committed by the Pol Pot clique. These barbarous acts of the Pol Pot clique constitute not only a breach of mutual trust among the Cambodian warring factions but also an obvious contempt for the Paris International Conference on Cambodia cochairmen, the representative of the UN secretary general, and the world community.

Such insolent acts of this bloodthirsty clique clearly remind the Cambodian people and world public opinion, particularly the countries which oppose the return of the genocidal Pol Pot regime, of the fact that an inferior is an inferior. That is, Pol Pot's true nature as a perfidious warmongerer remains unchanged.

Therefore, if the very source of the genocidal regime is not (?eradicated), no one can prevent its return. It is on this point that the State of Cambodia—the sole force which resolutely opposes and blocks the Pol Pot clique—has demanded that the political and military status quo be maintained, and has persistently called for the setting up of an international tribunal to try the ringleaders of the genocidal clique and take measures to prevent this clique from returning to power.

Once again, the Cambodian people would like to appeal to all Cambodian factions to constantly implement the agreements reached at Phatthaya so as to bring genuine peace to our motherland.

Our people would like to warn that if the other factions persist in violating the cease-fire and attacking the State of Cambodia positions, the Cambodian People's Armed Forces, although they have shown restraint and have respected the cease-fire order, will exercise their right to hit back at the very source of the violations in order to protect the SNC decisions and defend people's lives and property. In such a case, the blame must be laid on the warmongers.

Australian SNC Envoy Appointment Welcomed

BK0307123991 Hong Kong AFP in English 1157 GMT 3 Jul 91

[Text] Phnom Penh, July 3 (AFP)—The Phnom Penh government welcomes Australia's decision to appoint an ambassador to the Supreme National Council (SNC) set up with the three party resistance alliance, an official said here Wednesday.

Australia's Ambassador to Thailand, Richard Butler, will also act in the capacity of part-time ambassador to the SNC in a new embassy being set up in Phnom Penh, Australian Foreign Minister Gareth Evans said Tuesday in a statement.

The decision followed a breakthrough in the peace process when Phnom Penh and three guerrilla factions convened a meeting of their SNC in Phatthaya, Thailand.

They agreed on a permanent ceasefire, an end of foreign military aid to fighting forces and the setting up of SNC headquarters in Phnom Penh.

A Foreign Ministry official said "I think all the SNC (members) welcome this move," adding that "it's normal because the SNC is the symbol of Cambodian sovereignty."

He said Indonesia was likely to follow suit and possibly Japan, which recognises the resistance, together with the permanent members of the U.N. Security Council—Britain, China, France, the Soviet Union and the United States.

The official noted that Australia had made an important contribution towards Cambodian peace efforts and wanted to play a big role in Asia.

Australia decided to recommend the diplomatic accreditation immediately in response to the invitation from the SNC chairman, former Cambodian monarch Prince Norodom Sihanouk.

The decision was to accredit to the SNC rather than to the Phnom Penh government or to the rival government of the three resistance factions, Mr. Evans said.

But he said while there was a commitment on the part of all those involved to make last month's peace settlement work, "none of us are counting our chickens."

"We've been disappointed too often before," he said. "But obviously the whole process has generated a tremendous amount of new momentum over the last couple of weeks."

(In Thailand, officials at the Chanthaburi-Trat military command said they had received no reports of fighting across the border in Cambodia.)

Minister Tie Banh To Appear in London Court

BK0507104091 Hong Kong AFP in English 1028 GMT 5 Jul 91

[Text] Phnom Penh, July 5 (AFP)—Cambodian Defence Minister Tie Banh heads off from here Saturday to give evidence in a London court case, a senior official said Friday.

Uch Kim An, a deputy minister attached to the Council of Ministers, who accompanying General Tie Banh, said they might have talks with British officials during their stay in Britain.

The general is to give evidence on behalf of Australian Journalist John Pilger, Director David Munroe and Central Television over the documentary "Betrayal," which accuses the British military of having in the past trained guerrillas of the Marxist Khmer Rouge resistance faction.

The case has been brought by two British servicemen and Gen. Banh is expected to give evidence next week.

The British Government recently admitted that it had given military training during the 1980's to the two non-communist groups in the tripartite resistance alliance fighting the Phnom Penh government.

It was not clear how long the two Cambodia officials would be present in Britain, which only Mr. Uch Kim An has visited before.

Mr. Uch Kim An and British Foreign Office Southeast Asia Departmental Chief David Colvin opened political contacts between their respective governments in Paris in December.

Two British diplomats carried on the dialogue here in May and analysts reckoned that any talks in London would likely focus on recent peace breakthroughs and the prospect of Britain reopening an embassy here after 16 years.

Britain does not officially recognise any side in the conflict but governments have been encouraged to open diplomatic missions to a Phnom Penh-headquarted Supreme National Council, grouping all the warring sides.

Son Sann To Meet Former Army Chief, End Rift

BK0307163891 Hong Kong AFP in English 1622 GMT 3 Jul 91

[Text] Bangkok, July 3 (AFP)—Non-communist Cambodian resistance leader Son Sann is to meet his former army chief soon in a bid to end a six-year-old rift within the faction, a statement issued by the faction here said Wednesday.

The statement by the Khmer People's National Liberation Front (KPNLF) said that "in the spirit of reconciliation

the KPNLF President (Son Sann) is to meet General Sak Sutsakhan soon in order to empower him as the commander-in-chief" of its army.

It asked Gen. Sak Sutsakhan to reinstate all former commanders who had been "participating from the beginning in our liberation struggle of our country from foreign invaders" in order to restore unity within the faction.

The KPNLF is joined with non-communist supporters of former monarch Prince Norodom Sihanouk and the Beijing-backed Khmer Rouge in a tripartite coalition fighting the Vietnam-installed government in Phnom Penh.

The statement added that Gen. Sak Sutsakhan should "take necessary measures to secure the human rights and safety of the people, to strengthen the unity, and to enforce discipline" in the KPNLF military.

The statement was issued after Gen. Sak Sutsakhan Sunday urged former conservative Prime Minister Son Sann to "accept our reunion."

The general reaffirmed that the KPNLF military had accepted the cease-fire agreed to by Mr. Son Sann during a meeting late last month in the Thai resort of Phatthaya of Cambodia's Supreme National Council which groups all four warring factions.

Gen. Sak Sutsakhan, 63, split with the political leadership of the KPNLF blaming Mr. Son Sann for a military defeat against a Vietnamese military offensive in northwestern Cambodia in 1985.

He controls some 8,000 of the KPNLF guerrilla force, with some 2,000 loyal to Mr. Son Sann.

VOK Comments on Reunification of Cambodia

BK0507074391 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 5 Jul 91

[Political commentary: "All about Cambodian national reunion"]

[Text] Disunity within a nation causes that nation to fall prey to foreign domination. But reconciliation of a nation, that is the reunion of that nation, will enable it to emerge from foreign subjugation. This is the truth. Cambodia is in such a situation.

For more than 10 years now, Cambodia has been under a regime that was installed by foreigners, and this regime has been able to survive in Cambodia until now only because of the pretext of the Khmer Rouge threat, that all Cambodians are afraid of and hate.

Now, all Cambodian factions, including the Vietnamese-installed faction and the Khmer Rouge, which was expelled from power by Vietnam, have agreed to reunite and end their discord in order to enable Cambodia to regain independence. We, the Cambodian nationalists who have fought for the past 10 years for Cambodia's independence welcome this. We see that the Cambodian nation can be saved from the current danger only if all Cambodian factions agree to open ways toward national unity. Earlier, the faction of the Heng Samrin communist regime installed by Vietnam had resolutely opposed any national reconciliation that included the Khmer Rouge. That was the cause for the deadlock. But that dead end has now been opened thanks to the fact that all factions, including the Heng Samrin faction, have agreed that allowing the Khmer Rouge to join in does not mean giving power to the Khmer Rouge against the Cambodian people's will. This is because the power must emanate from the Cambodian people through the election.

The Voice of the Khmer radio, which represents the will of the Cambodian people in general, realizes that at this decisive stage all Cambodian factions—no matter what political ideas they may advocate and however powerful their state power may be—must hand over the entire power to the Cambodian people by letting them make their decision through a free and fair election for the cause of Cambodia's peace, independence, sovereignty, and territorial integrity. Please do not [words indistinct].

VODK Insists UN Documents Be Implemented

BK0407055691 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 3 Jul 91

[Station commentary: "Only by pushing for the full and meticulous implementation of the framework document and detailed document of the five permanent members of the UN Security Council can Vietnam's more than 12-year-old war of aggression be comprehensively and definitively solved"]

[Text] The entire international community fully realizes that the Cambodian problem results from the Hanoi Vietnamese sending hundreds of thousands of troops to invade and occupy Cambodia—an independent and sovereign state and a rightful member of the United Nations—violating in a most insolent manner the principles of international law and the UN Charter.

The struggle of the Cambodian people and the Cambodian national resistance forces against the Vietnamese aggressors and the international community's efforts to solve the Cambodian problem are aimed at liberating Cambodia from Vietnam's act of aggression and occupation and restoring Cambodia's independence, sovereignty, territorial integrity, and right to self-determination. To achieve the above goals, the successive resolutions of the 12 UN General Assembly sessions, as well as the 28 August 1990 framework document and the 26 November 1990 detailed document, have all demanded:

1. The genuine withdrawal of troops and all aggressor forces from Cambodia under clear UN supervision;

2. The establishment of a Supreme National Council with Samdech Norodom Sihanouk as chairman to represent Cambodia's independence, sovereignty, and unity and the sole source of power in Cambodia; and

3. The dispatch of a UN transitional authority and UN peacekeeping force to Cambodia to implement the agreement on a comprehensive solution which includes control

of the withdrawal of all Vietnamese aggressor forces from Cambodia and the control of free and just elections in the country.

These are major and necessary measures for restoring Cambodia's peace, independence, sovereignty, territorial integrity, and right to self-determination. Therefore, in negotiations for solving the Cambodian problem, one should push for implementation of the above documents, particularly the 28 August 1990 framework document and the 26 November 1990 detailed document.

Only when these documents are fully and meticulously implemented can the Cambodian problem be solved and can Cambodia have independence, sovereignty, territorial integrity, and the right to self-determination in accordance with the profound aspirations of the Cambodian people and the international community. Only when Cambodia has genuine independence, sovereignty, territorial integrity, and the right to self-determination can durable peace, security, and stability in the region be ensured.

30 SRV Tanks Sent to Battambang 20 Jun

BK0407013091 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 3 Jul 91

[Text] Here is a report on Vietnam sending more tanks to Battambang. On 20 June, Vietnam sent 30 T-54 tanks from Phnom Penh along Route 5 to Battambang. This column of 30 tanks passed through Moung District seat at 1700 on 28 June 1991.

Laos

Politburo Hails Kaysone's Part in CPV Congress

BK0407041991 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 4 Jul 91

["News release" issued by the Political Bureau of the Lao People's Revolutionary Party Central Committee on its 2 July meeting]

[Text] The Political Bureau of the Lao People's Revolutionary Party [LPRP] Central Committee held a meeting on 2 July to hear a report of an LPRP delegation led by Comrade Kaysone Phomvihan, chairman of the Party Central Committee, on the delegation's participation in the Seventh Congress of the Communist Party of Vietnam [CPV]. In the meeting the Political Bureau hailed the activities of the party delegation during its visit to Vietnam to participate in the Seventh CPV Congress, noting that the activities have significantly contributed to the strengthening of friendship relations, special solidarity, and all-round cooperation between the two parties and the two fraternal peoples of Laos and Vietnam.

The meeting highly assessed the meeting held between our party delegation and a CPV delegation led by Comrade Do Muoi, general secretary of the CPV Central Committee, and considered it a new, significant step on the path of promoting and nurturing the relations and special solidarity on the basis of the principle of respect for the independence and self-mastery of each party and the sovereignty of each country in accordance with the form and mechanism of cooperation, the form and mechanism in which importance is attached to concrete practice, quality, and efficiency to guarantee the benefits of both sides.

The Political Bureau expressed satisfaction over the glorious success of the Seventh CPV Congress, and noted that the Seventh CPV Congress, which was held under the domestic and world situation of today, is of great specific and international significance. It said: The success of the CPV congress on this occasion has proved the high firmness and unanimity of the party on the direction and strategy for the establishment of stability and the socioeconomic development of Vietnam in the period from now until the year 2000. At the same time, it has clearly shown the spirit of independence, self-mastery, and creativeness of the CPV in applying Marxism-Leninism, Ho Chi Minh's line of thinking, and (?initiatives) of mankind to the practical conditions of Vietnam with a view to further carrying out the restructuring in a comprehensive and integrated manner to lead the Vietnamese nation out of the difficulties and then achieve increasing progress and development.

Japanese Parliamentarians Delegation Arrives

BK0507112491 Vientiane KPL in English 0909 GMT 5 Jul 91

[Text] Vientiane, July 5 (KPL)—Chairman of the Lao PDR [People's Democratic Republic] Council of Ministers, yesterday morning received here a visiting Japanese parliamentary delegation led by Ken Harada, member of the parliament and president of the Japan-Laos friendship association.

In his talks with the delegation, K. Phomvihan stressed on the increasingly developed Lao-Japanese relations and cooperation since his 1989 visit to Japan. This, he said, manifested in Japanese assistance and cooperation for socioeconomic development in many areas of Laos. He hoped these would be further developed effectively.

On the same day, President of the People's Supreme Assembly [PSA] Nouhak Phoumsavan and Foreign Minister Phoun Sipaseut also granted a separate audience to the delegation.

Receiving this delegation, N. Phoumsavan welcomed the outcome of a working meeting on July 2 between the delegations of the two parliaments of Laos and Japan. He informed the Japanese guests of the introduction of legal system in social, state management and of the processes in drafting the first national constitution of the Lao PDR to be put into effect soon.

The PSA president, in addition, acclaimed the establishment of the Japan-Laos parliament friendship association and the Laos-Japan Parliament Friendship Association with Phou Latsapho, PSA standing member and head of the PSA social and cultural commission as president. As representatives of the two parliaments, the associations aim to further promote the development of Lao-Japanese relationship.

Chairman Receives Parliamentarians

BK0407150791 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 4 Jul 91

[Text] This morning in Vientiane capital, Nouhak Phoumsavan, chairman of the Supreme People's Assembly [SPA], received the visiting delegation of the Japanese Parliament, led by Ken Harada, member of the Japanese Parliament and chairman of the Japanese-Lao Parliamentary Friendship Association.

Nouhak Phoumsavan hailed the success of the delegation's working visit to Laos, especially the outcome of a meeting to exchange experience between the two parliaments on 2 July. During the meeting, the SPA chairman informed his guests of the situation of the drafting and implementation of the system of penal codes in the management of state and society as well as the procedure in drafting the constitution for the Lao People's Democratic Republic, which will be promulgated in the near future. He also hailed the establishment of the Japanese-Lao Parliamentary Friendship Association and informed the guests of the setting up of the Lao-Japanese Parliamentary Friendship Association. The two organizations will act as representatives of the parliaments of the LPDR and Japan in promoting and strengthening the relations and cooperation between the two governments and peoples of the two countries.

Yesterday evening, Phoun Sipaseut, vice chairman of the Council of Ministers and foreign minister, also received the visiting Japanese parliamentary delegation.

Exchange Note on Japan's Agricultural Aid Signed

BK0407102691 Vientiane KPL in English 0906 GMT 4 Jul 91

[Text] Vientiane, July 4 (KPL)—A signing ceremony of a note of exchange on gratuitous aid from the government of Japan to the Lao People's Democratic Republic was held here at the Ministry of Foreign Affairs on July 3.

The aid involves the agricultural projects worth 1 billion yen (Japanese currency): a 688-million yen project for the agricultural development in the suburb of Vientiane Capital (second phase), known as Tha Ngon-KM [Kilometer] 6 Irrigation Project, and a 400-million yen project for the 1991 agricultural promotion (KR 2-91).

The Tha Ngon-KM 6 Irrigation Project (second phase) is in furtherance of the ongoing project (first phase) expected to be completed at the end of 1992.

The grant for the KR 2-91 project will be for the acquisition of agricultural machinery, production utensils, chemical fertilizers, pesticide, water pumps, rice milling machines.

The signatories were, on the Lao side, Mr. Souban Salitthilat, deputy foreign minister, and, on the Japanese side, His Excellency [H.E.] Mr. Shigemi Ando, ambassador extraordinary and plenipotentiary of Japan to Laos.

The ceremony was witnessed by H.E. Mr. Phoun Sipaseut, vice chairman of the Council of Ministers and foreign minister of Laos, and Mr. Ken Harada, parliament member and president of the Japan-Laos friendship association, who is heading a visiting group of Japanese parliamentarians.

Phoumi Vongvichit Greets U.S. Independence Day

BK0407041091 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 4 Jul 91

[Text] Yesterday Phoumi Vongvichit, acting president of the Lao People's Democratic Republic [LPDR], sent a greetings message to George Bush, president of the United States. The message reads as follows:

On the occasion of the 215th anniversary of the proclamation of the U.S. independence day, on behalf of the Lao people and in my own name, I would like to convey greetings to your excellency and best wishes of peace and prosperity to the American people.

I hope the two countries will further promote and expand the already improved relations for the benefits of the Lao and American peoples as well as for the peaceful and long-term cooperation between the LPDR and the United States in the future.

A further report said that on the same occasion, Phoun Sipaseut, our foreign affairs minister, also sent a greetings message to James Baker, United States secretary of state.

U.S.-Built Facility Given to Lao Bone Center

BK0507110691 Vientiane KPL in English 0928 GMT 5 Jul 91

[Text] Vientiane, July 5 (KPL)—The World Vision, an international nongovernmental organisation with its office opened here recently on July 3, handed over an operation room facility built early this year at the Orthopedic Centre to the centre's management board.

The facility cost about 16 million kip, representing a part of U.S. dollars 850,000 humanitarian aid of the U.S. government to Laos given through the World Vision, the executive agent of the project.

The handing over of the facility was made between the World Vision's representative in Laos, Roy Fenn, and Lao Minister of Public Health Khambou Sounisai.

On hand at the ceremony were U.S. Charge d'Affaires to Laos Charles Salmon, U.S AID's Representative Loyd Feinberg, Representative of the U.S., War Veteran Organisation Frederic Downs, senior Lao government officials concerned, representatives of WHO, UNICEF, International Foundation for Handicapped, and world concen [as received] in Laos.

Recently, the World Vision also handed over a similar facility built for the Mahosot General Hospital within the framework of the U.S. government's humanitarian aid project for Laos.

Leaders Receive UNICEF Executive Official

BK0307113491 Vientiane KPL in English 0910 GMT 3 Jul 91

[Text] Vientiane, July 3 (KPL)—Dr. Richard Jolly, UNICEF deputy executive director (programme), yesterday afternoon paid courtesy calls on senior officials of some ministries which are involved in the implementation of government-UNICEF country programme.

Dr. Richard Jolly, accompanied by Ms. Anne Sutherland, UNICEF representative to Laos, was received by Mr. Khambou Sounisai [and] Professor Vannalet Latsapho, respectively minister and deputy minister of public health.

Then the UNICEF deputy executive director met with Mr. Saman Vi-gnaket and Mr. Khamtan Chanthala, respectively minister and deputy minister of education.

Also included in the programme was the courtesy call on Ms. Onchan Thammavong and Dr. Davon Vongsak, president and vice president of the Lao Women's Union.

Dr. Richard Jolly was warmly welcomed by the Lao officials who highly expressed the UNICEF contribution to the socioeconomic development in the country.

Philippines

Report Alleges Nuclear Weapons in U.S. Bases

HK0507035991 Manila BUSINESS WORLD in English 5 Jul 91 p 10

[By Cris V. Paraso]

[Text] A compilation of reports by the Nuclear Free Philippines Coalition was submitted to the Senate foreign relations committee yesterday showing the presence of nuclear weapons in Subic Naval Base and Clark Air Base.

Entitled "A Nuclear Weapons Accident: The Greater Calamity We Cannot Risk," the paper cites evidence from statements of U.S. civilian and military officials which show the deployment of nuclear, chemical and related non-conventional weapons in the U.S. military facilities.

The documents cite the following incidents, among others:

—a Nuclear Wespons Deployment Authorization of former U.S. President Ronald Reagan in 1985, as revealed by U.S. defense analyst William Arkin (Institute for Policy Studies), which allowed the deployment of 467 nuclear weapons (B-52 nuclear depth bombs with yields of 10,000 tons of TNT) in U.S. bases worldwide. Of the 487 total nuclear bombs, 227 were to be deployed to the Philippines of which 32 were anti-submarine B-57 nuclear depth bombs, 80 were naval nuclear weapons and 115 others nuclear bombs;

—a March 10, 1978 instruction from the U.S. Commander in Subic (updated in May 8, 1984) which prescribes procedures and contingency plans in case of nuclear accidents; and

—a 1983 U.S. primer entitled "Loading and Underway Replenishment of Nuclear Weapons" which included Cubi Point and Subic Naval Base.

Bases Stand Now Seen as 'More Flexible'

HK0507042991 Manila THE CHRONICLE in English 5 Jul 91 pp 1, 7

[By staff members Manny Mogato and Johanna Son]

[Text] The Government would be more flexible in forging a compromise agreement with the U.S. on the bases issue following the resignation of Health Secretary Alfredo Bengzon from the Philippine negotiating panel, military analysts said.

Senators Leticia Shahani and Neptali Gonzales, meanwhile, said Bengzon's resignation indicated the "tension" among the members of the local panel.

However, Philippine panel spokesman Raul Rabe said the government would still insist on a $825-million compensation package for the continued U.S. use of the bases "despite the uncertainty" caused by the Mt. Pinatbuo eruptions.

Members of the American panel earlier said the heavy damage wrought on Clark Air Base and Subic Naval Base by the eruptions will have a major impact on the issue.

Bengzon reportedly resigned as vice chairman of the Philippine panel and as member of the bases advisory group in protest against the "flexibility" of the Aquino government in striking a compromise agreement with the Americans.

"He (Bengzon) has shown a lot of independence and his departure from the panel would greatly enhance the panel's flexibility," an Army general told the CHRONICLE. "The government panel will now have an apparent united consensus (on the issue)."

But the same officer admitted that the government position would also be weakened because of Bengzon's "balancing act" when he was with the panel.

"The Americans would surely love this, but they still will have some problems because the Philippine panel would not budge from its demand for higher compensation," he said.

In the Senate, however, Gonzales said he did not think Bengzon's resignation will derail the country's bargaining position "at this late stage in the negotiations."

He also said he did not believe the U.S. will leave Clark and Subic even with the Mt. Pinatubo eruptions "because the bases' value is strategic and not economic."

"Their location has not been changed because of the eruptions, so their strategic value is still there," he added.

Gonzales agreed with Shahani's observation that Bengzon's departure from the panel indicated the "tension" among the members for some time now.

"I had been expecting something of this sort to happen," Gonzales said because Bengzon had long been perceived to have conflicts with other members.

For her part, Shahani said: "I think it reflects the kind of tension which has been existing for some time within the

negotiating panel. Hindi yata magkasundo [They cannot agree] in terms of compensation and in terms of duration."

She added Bengzon is believed to be staunchly opposed to any extension of the seven-year offer by the Philippines for the use of the bases.

Other panel members are supposed to be agreeable to another year for pullout on top of the original offer.

Military officials interviewed by the CHRONICLE agreed with Gonzales' assessment on the value of Clark to the Americans in their overall defense strategy in the region.

They believe that Clark could be restored immediately for communications requirement and for limited air repair, maintenance and logistic base.

Clark may not be operated 100% for as long as three years, but it has other capabilities that would make it important for the Americans' overall defense strategy, the officials said.

Subic is a different story because its capabilities are very hard to "replicate" and the damage on its facilities is not as heavy as in Clark's, they added.

During an open forum in Chinatown marking Fil-American Friendship Day, Rabe said the Philippines will not budge from its original position on rental and duration despite the Mt. Pinatubo eruptions.

U.S. Embassy spokesman Stanley Schrager, who also attended the forum, reiterated, however, the American position that the eruptions will have a major impact on the issue.

He said Washington is "still for a new bases agreement," but this will have to "jibe" with the report and recommendations of a special U.S. military team that assessed the damage wrought on Clark and Subic by the eruptions.

U.S. special negotiator Richard Armitage will himself make a personal inspection of Clark and Subic when he arrives here in mid-July for the resumption of the bases' talks, according to Schrager.

Executive Secretary Orbos, Officials Resign

HK0507014791 Manila PHILIPPINE DAILY INQUIRER in English 5 Jul 91 pp 1, 12

[Text] Executive Secretary Oscar M. Orbos and five other senior Palace officials resigned yesterday, provoked by what sources said were machinations by a group of Cabinet members to capture the center of political power in the Aquino administration.

The resignations came a day after the INQUIRER revealed a brewing feud between Orbos and four other Cabinet secretaries over differences in major government policy issues.

Orbos met with President Aquino for one-and-a-half hours starting at 6 last night at the Malacanang Guest House, when he handed over his resignation letter and, presumably, those of the other Palace officials.

Among the officials who also resigned were Herminio Coloma and Roberto Lucila, both deputy executive secretaries. Coloma heads the Presidential Management Staff while Lucila is Orbos' chief of staff.

Malacanang reporters said the executive secretary avoided them when he left after the meeting.

The sources said an anti-Orbos cabal in the Cabinet has apparently succeeded in taking Orbos out of its path to power.

"Naiinggit ang mga senior members of the Cabinet," ["The senior members of the Cabinet are envious,"] the sources said, adding that the same members intended "to capture the center of power for political purposes."

The group thinks that by capturing the center, "they would be able to advance their own politicial agenda and will not mind if the President would suffer as a result of this conspiracy," the sources said.

"This faction knows for a fact that Cory has practically no time left to replace the executive secretary and they don't mind if Cory's leadership will fail."

Earlier, the same sources revealed a serious rift in the Cabinet, heightened by a shouting match between Orbos and Finance Secretary Jesus Estanislao during a recent meeting called by the President.

The meeting discussed the growing clamor by labor and business groups to scrap the 9-percent import levy and the roll back of gasoline prices to their pre-December levels.

Orbos advocated the scrapping of the import levy and the rollback in oil prices, but both measures were strongly opposed by Estanislao.

In a statement issued yesterday, Ms. Aquino denied that members of her Cabinet were feuding over major differences in policies.

"The story is untrue and does not deserve comment," the President said when asked to react to the INQUIRER story.

The sources also pointed to a conspiracy to discredit Orbos, described by media as the "Wonder Boy" of Philippine politics. It allegedly involved at least six Cabinet members led by Press Secretary Tomas Gomez III, Justice Secretary Franklin Drilon, and natural Resources and Environment Secretary Fulgencio Factoran Jr.

The plot was said to have been hatched after latest opinion polls showed that Orbos' performance ranked highest among Cabinet members.

Ms. Aquino also denied the existence of an "anti-Orbos conspiracy" intended to pressure Orbos to resign from government.

There had been talk that the President's displeasure with Orbos started with his "bungling" of the case of Tarlac Gov. Mar Un Ocampo. The report is that Ms. Aquino had told Orbos she wanted Ocampo reinstated after the governor was suspended for 90 days because of a graft charges.

[sentence as published] Orbos, the report said, misinterpreted the President's directive to mean that Ocampo should be granted executive clemency for which Ms. Aquino later came under heavy criticism even from her own constituency. [sentence as published]

In separate statements, Gomez and Drilon said they do not have a continuing quarrel with Orbos.

Estanislao said he and Orbos had not engaged in any "shouting match" adding that he has a "gross inability to shout at anybody."

"I only shout whenever I watch basketball," he said.

But Estanislao criticized politicians, who, he charged, had been stonewalling basic economic reforms.

"Despite vigorous and often noisy opposition, the problem does not go away...the problems of business, of economics, of finance do not go away simply by shouting our heads off against them, by posturing against them, by throwing cosmetic palliatives at them," he said.

Interviewed in Cebu City by INQUIRER correspondent Cerwin Eviota, Drilon said, "There is no such thing as a feud in the Cabinet. What we're doing is more of discussion on policies."

"I am surprised my name was included as among those in an anti- Orbos conspiracy, there is no such conspiracy," he said.

Gomez said he suspects that the story was leaked to the INQUIRER by people behind the "Integrated Communications Plan for Oscar Orbos," a comprehensive propaganda drive to enhance Orbos's public image in preparation for his presidential candidacy in 1992.

He said the story intended to portray Orbos as a political "underdog" and rally public opinion to his favor.

"I notice, however, a trace of surrogate persecution complex bordering on contrived martyrdom! Is someone laying a political predicate?" Gomez said.

The press secretary said that if Orbos was intending to resign as reported, "those who have his interest at heart ought not to deprive him of the opporunity to speak for himself."

He said: "Proxy statements, whether pilfered or permitted, especially when armed with deniability, do not possess the currency of political courage. A perception so mirrored is not fair to Secretary Orbos and will only tend to hurt him."

Gomez believed the INQUIRER fell for a ploy when it published the story which, he claimed, was also furnished to a television station and two other newspapers.

"It is both amusing and surprising that only one newspaper carried the 'press release' and billed it as top front page story, glaringly without a byline...It is not a product of enterprising journalism but a successful plant—garden variety press agentry [word as published] but watch how it grows and proliferates," he added.

The INQUIRER editors said the report was an "enterprise story" and not based on any "planted" press release.

The INQUIRER has been on the story for several weeks. Its editors pieced together information gathered from reliable sources.

Text of Orbos Resignation Letter

HK0507101591 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 5 Jul 91

[Full text of Executive Secretary Oscar Orbos' letter of resignation read by Press Undersecretary Horacio Paredes; in English—live]

[Text] Dear Mrs. President: After consultations with my family, I have decided to tender my resignation as executive secretary. At this point of time and under the circumstances, I can make more meaningful contributions in addressing the concerns of our people outside of the cabinet. I live comforted in the thought that I have given my best to the government and that I have been sustained under God's guidance by your confidence in me. Thank you for having given me the rare opportunity of serving you and our country, and rest assured of my continuing support.

Sincerely yours, Oscar M. Orbos.

Aquino Accepts Orbos Resignation

HK0507062991 Hong Kong AFP in English 0608 GMT 5 Jul 91

[Text] Manila, July 5 (AFP)—President Corazon Aquino has accepted the resignation of her chief aide Executive Secretary Oscar Orbos, a government spokesman said here Friday as rifts in the Philippine cabinet blew wide open.

Presidential Press Undersecretary Horacio Paredes said Mrs. Aquino had set no effective date for Mr. Orbos's departure, but official sources said he would likely leave within the month.

Mr. Paredes said no replacement for Mr. Orbos had been chosen.

The post of executive secretary is roughly equivalent to prime minister and presidential chief of staff rolled into one.

Aquino Releases Statement

HK0507100891 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 5 Jul 91

[Statement by President Corazon Aquino on the resignation of Executive Secretary Oscar Orbos, read by Press Undersecretary Horacio Paredes—live, in English]

[Text] Executive Secretary Oscar Orbos brought out the letter of resignation last night, after a long and very frank talk with me during which I agreed to his leaving his post. I received the letter only this morning. (It is with deep) regret that I agreed to his departure from the government. I realize, however, that it was in his best interest to quit the government at this time. I have to make it very clear that

in my judgment, Oca [shortened version of Oscar] has served the presidency and the country well.

We have yet to set a date for when his resignation will take effect. In fact, we shall talk again soon to work out an orderly transition so as to finish the urgent tasks that have to be attended to. At that time, we will set the effective date of his resignation.

For my part, I cannot allow politics to intrude into economic policy. In fact, we have as a people opted very often to make political sacrifices in order to advance economic progress and stability.

Further on Orbos Resignation

HK0507024891 Hong Kong AFP in English 0234 GMT 5 Jul 91

[Text] Manila, July 5 (AFP)—President Corazon Aquino's chief aide, Executive Secretary Oscar Orbos, has tendered his resignation, a government spokesman said here Friday.

Press Undersecretary Horacio Paredes, told AGENCE FRANCE-PRESSE that Mrs. Aquino received Mr. Orbos's resignation letter early Friday, but did not immediately act on it.

Mr. Paredes said that the two met privately late Thursday, but no details of their conversation were available.

The resignation of Mr. Orbos, a popular former congressmen with known presidential ambitions, came amid reports of a serious rift in the cabinet over policy issues, topped by domestic oil prices and the nine per cent import levy.

Mr. Orbos, 40, had been pushing for a reduction in oil prices—nearly doubled after the Gulf crisis began last year and maintained at such levels despite the end of the war—and the scrapping of the levy.

But other cabinet members led by Finance Secretary Jesus Estanislao have insisted on the need for the two measures to generate revenues, warning that scrapping them would be politically popular but economically disastrous.

A senior presidential palace official who asked not to be named said personal differences between Mrs. Aquino and Mr. Orbos in recent months also figured in his resignation.

"Things haven't been as warm as when he came in," the official said, citing Mr. Orbos' political ambitions.

"He was allowed to have ambition but it became overbearing after a very short time," the official added.

Mr. Orbos massively outscored Mrs. Aquino in a recent popularity poll.

Mrs. Aquino has ruled out a re-election bid in the May 1992 national elections, leaving the field open for administration candidates including Mr. Orbos and Defense Secretary Fidel Ramos, who is also expected to resign this month to concentrate on his political activities.

Laurel Optimistic on Nationalist Party Nomination

HK0407054491 Quezon City MALAYA in English 4 Jul 91 pp 1, 11

[By Richelda Doloricon]

[Text] Vice President Salvador Laurel yesterday said he will retire from politics if he fails to get the nomination of the Nacionalista Party [NP] as its standard-bearer in next year's presidential election.

In a interview over radio station DZBB, Laurel however expressed optimism he will get the nomination, noting that he is the party president.

He said the fight for the nomination could turn "five-cornered" if former Senators Arturo Tolentino and Eva Estrada-Kalaw decided to contest the nomination.

Tolentino and Kalaw, two opposition leaders who lost in the 1987 congressional elections, could not be reached for comment.

The three declared opposition presidential aspirants are Laurel, former Ambassador Eduardo Cojuangco Jr. and Sen. Juan Ponce Enrile, NP secretary general.

Asked what he will do if Cojuangco bags the NP nomination, Laurel said he definitely will not settle for the vice presidential post.

"Hindi na ako magbi-VP (vice president) kung ganyan-...Hindi na ako magkakandidato [I shall no longer be VP so I shall not be a candidate]...Although I hope I have a good chance of becoming the presidential nominee of the party." Laurel said.

Laurel said he was happy that Cojuangco had decided to formally rejoin NP, noting that President Aquino's estranged cousin has always been considered a Nacionalista of good standing.

The Nacionalistas will choose their standard-bearer at a national convention on Nov. 16.

Laurel, Cojuangco and Enrile earlier vowed to support whoever is chosen in the convention.

In Binan, Laguna, Cojuangco called for a government that is responsive to the needs of the people and can set a direction for the future instead of simply reacting to day-to-day crisis.

Cojuangco was guest of Laguna political leaders at a Mayors League meeting.

Cojuangco said the country's potentials will remain largely untapped if a reactionary government continues to mismanage national affairs and fails to chart a direction for future growth.

He pointed to the government's failure to heed the advice of volcanic experts to prepare for Mt. Pinatubo's eruption as early as last April and lashed out at its inability to provide immediate relief for evacuees.

Abadia Skeptical of CPP-NPA Cease-Fire Offer

HK0407121091 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 4 Jul 91

[By Fernan Imberga from Camp Aguinaldo]

[Text] Armed Forces Chief of Staff General Lisandro Abadia expressed skepticism about the sincerity of the Communist Party of the Philippines-New People's Army [CPP-NPA] in its offer for a national cease-fire or national-level peace talks. This follows the Armed Forces' discovery of the biggest training center for NPA guerrillas in the town of Sagada, which had been declared a peace zone in Mountain Province. According to Abadia, this only proves that the CPP-NPA has not been adhering to the agreement between the two parties and makes the cease-fire it is now offering appear somewhat dubious.

Government forces seized the six-hectare NPA training center located in Mt. Sipitan, Sagada, Mountain Province, on the boundary of Ilocos and Abra, after flushing out NPA rebels there during a military operation. Confiscated from the CPP-NPA Northern Luzon Commission command center were assorted subversive documents, high-tech computers, printers, solar cells, a power generator, a beta video machine and video tapes, and several high-calibre arms. A hot-pursuit military operation is currently being carried out for escaping NPA members.

Bank Governor Notes Balance of Payments Surplus

HK0107070891 Manila BUSINESS WORLD in English 1 Jul 91 p 1

[By Gertrudes M. Chavez]

[Text] The country's balance of payments [BOP] posted a surplus of $268 million in the first four months of the year, up 152.34% from the $512-million deficit in the same period last year, Central Bank [Governor] Jose L. Cuisia, Jr. said last Friday.

Initial CB [Central Bank] projections during the period show a deficit of $148 million. Boosting the overall BOP position were favorable performances of both the current and the non-monetary capital accounts. Without rescheduling, the BOP would have registered a shortfall of $62 million, CB data show.

Earlier forecast to hit $979 million, the current account (trade, non-trade, and transfers transactions) deficit was reduced by 22.3% to $695 million as exports increased more than twice that of imports. On top of this, receipts from invisibles and transfers recorded growth.

The merchandise trade gap during the period narrowed down by 4.8% to $1.22 billion from last year's $1.28 billion. Exports improved by 5.9% to $2.72 billion on account of electronics, receipts of which increased by $101 million. Further, gains between $14 million and $25 million were realized in exports of shrimps and prawns, chemicals, machinery and transport equipment, baby carriages, as well as toys and sporting goods.

However, total export growth during the period was lower than the 6.1% increase in the comparable period last year. On the other hand, imports continued to grow but at a much slower rate, totalling $3.95 billion as of April as opposed to $3.86 billion a year ago. However, the 2.3% increase in imports was substantially lower than last year's 22.2% expansion.

Mineral fuels and lubricants formed the bulk of the country's imports, mirroring higher demand for petroleum crude, bunker oil, and natural gas. Purchases or raw materials and intermediate goods likewise went up.

The non-merchandise trade account yielded a surplus of $275 million, up 61.8% from $170 million in April last year. Receipts advanced by $109 million due largely to higher withdrawals of deposits, overseas contract workers' remittances, travel and investment income of the CB. Higher OCW [Overseas Contract Workers] remittances were posted despite the decrease in the number of deployed workers by 8.8% to 150,246 overseas employees.

On the other hand, the rise in invisible outlays was a consequence of higher disbursements for transportation, construction activity, Philippine government expenditures abroad, commissions and fees and other services.

Net inward transfers improved to $252 million from $220 million, reflecting a rise in personal remittances and aids/grants from voluntary relief agencies. These more than offset the short-fall in inflows from the governments of Canada and Italy.

The non-monetary capital account, meanwhile, increased sharply, shifting from a net outflow of $334 million last year to this period's net inflow of $745 million. This was a result of higher medium and long-term (MLT) loans, short-term capital accounts, and foreign investments.

The balance of the MLT loan account reverted to a net inflow of $311 million despite the decrease in loan availments.

The decline in loan availments was traced to a drop in loan repayments to $690 million from $1.96 billion last year. The 1990 figure already took into account the $1.34 billion debt buyback in January last year.

New money availments inclusive of loans in the pipeline to finance ongoing projects dropped slightly as the cutback in loan releases by the World Bank and other bilateral governments wiped out the more than threefold increase in loans provided by the Tokyo government.

The amount of rescheduled debt also contracted by 7.3% to $330 million, about two-thirds of which were owed to the foreign commercial banks and the Paris Club.

The short-term capital account showed an inflow of $155 million as of April, up 34.8% mainly due to the rise in net availments of advances for exports.

Similarly, net foreign investments grew 31.82% to $203 million from the $154 million posted last year despite the shortfall in bank inter-branch operations, portfolio investments and new foreign investments. Withdrawals of investments in shares of stock by non-residents also contracted significantly, the CB said.

Thailand

U.S. To Impose Wildlife Export Sanctions

BK0507035691 Bangkok THE NATION in English 4 Jul 91 p A 4

[Text] In an effort to force Thailand to curb a booming trade in endangered wildlife, the United States is set to impose restrictions on wildlife exports from Thailand, US officials said Tuesday.

The Thai Embassy in the US had no immediate reaction to the punitive measures against what has been described as Thailand's "embarrassing" wildlife protection records. US officials, however, said the proposed restrictions, which they described as "broad", would spur Thailand to act quickly toward better wildlife protection.

The restrictions, part of an international effort, could disrupt $50 million in Thai exports, according to officials, they could cover everything from the rare Malayan Pangolin, a scaly ant eater, to tropical fish, to crocodile skin bags.

"Thailand is a hole that needs to be plugged," said Susan Liberaman a biologist with the US Fish and Wildlife Service who monitors wildlife trade for the government.

The US plan to restrict Thai wildlife exports follows a recommendation by the Convention on International Trade in Endangered Species (Cites) in April that its 110 member countries ban all wildlife and plant exports from Thailand until the Thai government makes a stronger effort to protect rare species.

The US and other countries would like Thailand to enact stricter laws to protect both exotic and native species and to step up enforcement of its laws through documentation, inspections and seizures.

Thailand became a member of Cites in 1983 but still has no laws to protect non-native animals that are smuggled across its borders for export elsewhere.

Cites prohibits trade in endangered species and requires member countries to monitor wildlife threatened by trade through import and export permits.

The US Interior and State Departments have yet to announce whether the trade restrictions will ban all animal and animal products from Thailand or focus on species protected by Cites.

But Lieberman predicted the effect will be "broad." "It will be designed to stimulate the enforcement that's necessary," she said.

Plan exports will not be included but the US Department of Agriculture has stepped up inspections of Thai goods and may take further steps if illegal trade continues. Seizures of endangered wild orchids have prompted increased inspections, according to an official with the Department.

Thai wildlife exports to the United States have ranged from US$28 million in 1984 to US$147 million in 1987, according to the Fish and Wildlife Service.

Last year Thai wildlife and wildlife product exports dropped to US$50 million, including $22 million in reptiles, reptile skins and related products; $20 million in mammals and related products, including buffalo skin jewellery; and $7.5 million in tropical fish and molluse products, according to Fish and Wildlife figures.

About US$18 million of the skins and products were made from rare species protected by Cites. Trade in oriental rat snakes and related products, for example, brought traders $8.6 million; trade in reticulated pythons brought $2.27 million; Malayan monitor lizard brought $2.33 million; and Malayan pangolins brought $8,400.

In addition, seizures of illegal animals and wildlife products from Thailand in 1990 totalled US$200,000 and included skins and products made form endangered crocodiles, turtles, elephants and tigers.

"If you can get wildlife out of Borneo and into Bangkok you're home free," said Jerome Smith, deputy chief of the law enforcement arms of the fish and Wildlife Service.

Thai embassy officials had no reaction to the proposed restrictions and were waiting for a formal announcement. But US officials said they expected Thailand to act quickly to secure better protection.

"This has nothing to do with their (Thailand"s) lack of co-operation," Smith said. "They want new laws and are trying to get new laws."

Wildlife groups called Thailand's wildlife record "embarrassing." "They should have enacted laws in 1983 when they joined Cites," said Ginette Henley, director of the World Wildlife Fund's Traffic USA programme.

But Henley and others agreed that the Thais would react quickly to a ban. "This is something Thailand needs," said Shirley McGreal, chairwoman of the International Primate Protection league. "Why would Thailand want to see its own wildlife abused and smuggled out of the country?"

McGreal's group helped Thai customs officers uncover a smuggling network that tried to ship six orangutans from Borneo through Thailand to the Moscow zoo in 1990.

No Opposition to U.S. Ban

BK0507013391 Bangkok THE NATION in English 5 Jul 91 p A4

[Excerpts] Thailand is in the process of strengthening its wildlife protection laws and will not protest the United States move to restrict imports of Thai wildlife, the Foreign Ministry spokesman said yesterday.

"We won't do anything" to persuade the United States not to impose the import restrictions, said Sakhthip Krairoek.

He said the Foreign Ministry had known of the U.S. move for some time but there was nothing more the country could do.

Tougher penalties against wildlife traders, bans on wildlife possession, import and export, and extended protection to

cover foreign wildlife smuggled through the country are being considered by Thai authorities and will become law soon, Sakthip said.

The planned U.S. import restrictions are part of an international effort to curb what has been described as an "embarrassing" trade boom in endangered wildlife in Thailand.

U.S. officials in Washington said on Tuesday the restrictions could disrupt $50 million in Thai exports and could cover everything from the rare Malayan Pangolin, a scaly anteater, to tropical fish and crocodile skin bags. [passage omitted]

Sakthip confirmed reports that plant exports will not be affected by the planned restrictions.

Reports about the U.S. move coincided with major raids in Thailand on a syndicate offering foreign tourists exclusive meals made of rare wild animals.

News reports said many Asians, believing that eating such wild animals as bears would help increase their sexual capabilities, were regular customers of the syndicate's restaurant.

Sakthip said the Foreign Ministry would launch an international public relations campaign to inform potential tourists that such meals are illegal in Thailand.

Senator Calls on Anan, Asa on Cigarette Issue

BK0407134891 Bangkok Army Television Channel 5 in Thai 1230 GMT 4 Jul 91

[Text] U.S. Senator Mitch McConnell of Kentucky paid a courtesy call on Prime Minister Anan Panyarachun today at Government House. The senator inquired about progress in the efforts to solve the Cambodian problem. Summing up, the prime minister said the recent meeting of the four Cambodian factions in Phatthaya achieved more progress than before as each faction adopted a more conciliatory posture. He said Thailand would continue to adopt a neutral stance in its support of the negotiation process.

On the cigarette issue, the prime minister explained to the U.S. senator that the issue is part of the existing trade problem between Thailand and the United States that requires further negotiations, and he is confident that an agreement will be reached shortly.

This afternoon, Mr. McConnell called on Finance Minister Suthi Singsa-ne. After a 40-minute meeting, the finance minister disclosed that the senator discussed a wish for Thailand to reduce import duties on foreign cigarettes, which he felt was excessive and resulted in U.S. cigarettes not being able to penetrate the Thai market. The senator said a duty reduction would help prevent the imitation of cigarettes.

At about 1600, Mr. McConnell went to the Foreign Ministry to call on Foreign Minister Asa Sarasin. Their discussions concerned the U.S. wish for Thailand to reduce cigarette duties. The foreign minister replied that the matter will have to be brought up directly with the Finance Ministry, but the Foreign Ministry will help follow up on it.

Prime Minister Interviewed on National Situation

BK0407090791 Bangkok Army Television Channel 5 in Thai 1350 GMT 3 Jul 91

[Interview given by Prime Minister Anan Panyarachun to BANGKOK POST editor Phaisan Sicharatchanya in the "Meet the Prime Minister" television program—date, place not given; recorded]

[Excerpts] [passage omitted] [Phaisan] According to the information and reports you have received from any sources, when do you think the general election will be held? Will it be by the end of this year or next year?

[Anan] This particular point is stated clearly in the interim constitution. According to newspaper reports, the drafting of the constitution is expected to be completed within...

[Phaisan] They say it would be done by August.

[Anan] ...July or August. After the completion of the drafting, the draft constitution will be submitted to the National Legislative Assembly [NLA]. I cannot predict how long the NLA will take to consider the draft constitution. Once the consideration is made and the constitution is promulgated into law, the general election would follow immediately.

[Phaisan] Talking about general election, let me ask you the same old question that some reporters have asked and you have already answered. Since you have performed your duty remarkably well in the administration of the country, there have been suggestions from various circles that, after the general elections, someone may propose that you remain in the prime minister's post. What do you think about that?

[Anan] I have mentioned several times that I do not have much interest in politics, directly or indirectly. I am still confident that I will not run in the general election. To answer your question, I would say that I do not know how the constitution will turn out. I also do not know who and how many people have made the suggestion. This is rather a matter of the future.

At present, the Government is trying to carry out its works honestly with a sense of responsibility to the society. We are trying to do everything that we believe will benefit the majority of the public. I am confident that before the completion of our office term, we would be able to produce considerable success in our works. However, we might make some mistakes or wrong decisions during the same period too. I firmly believe that no society exists in which a knight emerges from thin air and solves all problems. It is impossible for anyone to do everything perfectly. Therefore, it is necessary for every government to welcome all praise and criticism whether or not it is made sincerely. It is the duty of the government to listen to various opinions. Most importantly, a person must never be misled by false self-image.

[Phaisan] The country's image in the eyes of foreign countries was not so good right after you assumed your position following the major political change, as evidenced by articles in foreign papers and magazines. What is your view of the country's current image in the eyes of other countries? Is it still a problem or has it improved considerably?

[Anan] I feel that the problem has disappeared, because every promise that the National Peacekeeping Council and the government gave concerning measures that will lead the country to the democratic system has been carried out, most of it anyway, such as the lifting of the martial law which was done within about four or five weeks after the power takeover and the abrogation of three orders concerning public gathering, municipal election, and political party meetings. The two remaining steps are the drafting of the constitution and the general election. Meanwhile, it is a duty of the government to ensure internal stability, political or economic stability. Regarding the policies which this government has been carrying out, some of them are a continuation of the previous government's, while some are adjustments for the better. We try to modernize the national economic system to enable the country to effectively compete with other countries.

On foreign affairs, we try to make adjustments to make the foreign policy more concrete. The relations with Laos are now quite close. Regarding Cambodia, we have played a part in encouraging the four factions to be able to make progress in the talks. With the exception of the fishing problem which we face with several countries, I feel that our relations with Vietnam are satisfactory for both countries. I visited three ASEAN countries in the past month and have tried to solve the fishing problem we had with Malaysia. The Navy and Interior Ministry have provided good cooperation in the efforts to protect the interests of Thai fishermen in Thai waters.

In short, the country's image is a reflection of the government's policies and actions. If we have the policies and carry out measures that will gain confidence and trust, economic or political, of other countries, the country's image will turn out well. But I am not in a position to say how good the image is or to comment on the performance of my government. That will have to be done by the media or observers in general.

[Phaisan] Can foreign investment serve as an indicator of the country's image?

[Anan] I do not think it is the real indicator. It is a fact that investment grew tremendously in the past three years, and the growth rate was rather abnormal. As a result, the investment rate as recorded by the Board of Investment has declined since late last year; the decline did not begin this year. But we feel that the growth in foreign investment still remains at 15 percent, a rate with which we should be happy. We do not want the engine driving the country's economy to overheat, because the engine itself could be damaged. The government is overseeing this matter. But the present economy is in a satisfactory level. There are also some problems which we will have to monitor closely. Looking at the country's financial situation, we have about 180,000 to 190,000 million baht in reserves and 16 billion U.S. dollars in foreign reserves. The present situation is much different from what it was seven or eight years ago. Then, both the right and left drawers were empty. Now both drawers are full. Therefore, the value of the Thai currency is very stable. [passage omitted]

[Phaisan] There have been concerns about the danger facing our exports to the United States, particularly regarding the U.S. Article 301. Do you think the danger is real and what are the efforts to tackle the problem?

[Anan] The trade problem we have with the United States concerning Article 301 is an issue which both countries are determined to solve through negotiations before the end of this year. I am quite confident that we will be able to solve the problem.

[Phaisan] What about the concerns in some sectors about U.S. trade retaliations?

[Anan] There will be no trade retaliation if the problem is overcome. Uncertainties and worries will continue to exist as long as the talks are not completed. However, I am considerably confident that both sides will be able to settle the problem. There will be no retaliation if we can reach an agreement.

[Phaisan] Does this mean that Thailand will have to compromise? How big would this compromise be?

[Anan] Both sides will have to compromise. In negotiations, I feel that both sides will have to compromise, not just one side. [passage omitted]

More on Anan Interview

BK0507014991 Bangkok BANGKOK POST in English 5 Jul 91 p 1

[Text] Prime Minister Anan Panyarachun will visit Japan and China in September.

In an interview with the BANGKOK POST yesterday, Mr Anan said several countries have issued invitations and so far he has accepted those from Japan and China because of "substantial" relations Thailand enjoys with them.

Asked whether he would also visit the United States, the Premier said there is no plan at this stage since there is no invitation from Washington.

Japanese Prime Minister Toshki Kaifu visited Bangkok in late April and early May while Chinese President Yang Shangkun was in Bangkok last month.

Commenting on the role Thailand can play to foster closer relations between ASEAN and Indochina, Mr Anan said it is already this country's natural role to serve as a bridge between them.

He said this is not only because of Thailand's geographical location but also because of the fact that there is no other country in ASEAN that has the same close economic relations with all the Indochinese states.

The process of Thailand serving as a link to foster closer ties between the two sub-regional groups has already started, he said.

Indonesia, the largest ASEAN member, enjoys only good relations with Vietnam but cannot have the same relations with Laos and Cambodia which Thailand has.

Singapore, at the most, can have trading relations only with Vietnam.

The Prime Minister said Thailand's role as the "bridge" will be complete when the Indochinese economies open up to the mainstream Southeast Asian economy.

Pointing to the crumbling of centrally-planned economies around the world, Mr Anan said it is inevitable the Indochinese econmomies will have to open up and the only question is when.

Accepting that Thailand enjoys the best relationship with Laos out of all three Indochinese countries, Mr Anan said most bilateral Thai-Lao problems have been resolved.

He said the problem surrounding the Express Transport Organisation (which had long been criticised by Vientiane for overcharging on Laotian goods passing through Thailand) has been rectified.

Problems of Thai-Lao border tension have also been resolved alongside another contentious issue involving Laotian allegations that some Lao refugees used Thai territory to subvert Laos.

The Prime Minister said bilateral ties have improved steadily since Her Royal Highness Princess Maha Chakkri Sirinthon visited Laos last year.

Senior Lao officials have told Mr Anan that this is the first time in 40 years that the Thai Government actually follows up with concrete action its stated policy.

Mr Anan described the government-to-government and military relations with Laos as very good, saying the Thais are using an integrated approach.

The problem with Cambodia, Mr Anan said, lies in the fact that the country still does not have a central government.

"I am certain that Thai-Cambodian relations will improve once it has a central government. And because Cambodia is a larger country (than Laos), relations will be accelerated."

There is no problem in Thailand's relations with Vietnam. Hanoi has conveyed its message that it is satisfied with the Thai Government. Bilateral fishing problems are being resolved.

On Cambodia, Mr Anan said Thailand has provided all facilities to assist the peace process but does not interfere in the negotiations among the four rival Khmer factions.

The momentum of progress from the recent talks in Phatthaya—during which the four rival Khmer factions agreed on an indefinite ceasefire and cessation of foreign arms supply—will continue, he said.

Asked why the Khmer Rouge adopted a more conciliatory stance at the Phatthaya talks, Mr Anan said it probably realised war is no longer the (correct) option.

"All factions have realised that if they continue to adopt inflexible attitudes, it's the Cambodian people who have to pay the highest price. They probably realised that the war option is now out of fashion. That's why they have to put their heads together."

Mr Anan denied Thailand's policy on Vietnam now has been downgraded compared to that during the former government, saying the basic policy remains unchanged but "style of management" might have altered.

Vietnam

Difficulties in Normalizing Ties With U.S.

BK0407160091 Hong Kong AFP in English 1201 GMT 4 Jul 91

[Text] Hanoi, July 4 (AFP)—The normalisation of relations between Vietnam and the United States will not be easy, 16 years after the end of the Vietnam war, a Vietnamese official said Thursday.

"We still believe that normalisation between Vietnam and the U.S. will be a long process with many difficulties," Foreign Ministry spokesperson Ho The Lan told journalists. "It is regrettable that the U.S. Government still links normalisation of relations between the two countries with the Cambodian problem and the MIA (soldiers missing in action) issue," Mrs. Lan said.

Vietnam supports the Phnom Penh government, which it installed 12 years ago after invading Cambodia, against a resistance movement militarily and morally backed by China, the United States and their allies.

The U.S. Administration has set as preconditions to any normalisation of ties with Hanoi a political solution to the Cambodian conflict and settlement of the missing veterans issue. Some 1,700 U.S. soldiers remain untraced since the Vietnam war.

Mrs. Lan said however that bilateral relations had "made some progress during the last six months," including an accord on the opening of a permanent U.S. office here to handle MIA inquiries. The agreement came during a visit here in May by General John Vessey, special envoy of U.S. President George Bush.

Mrs. Lan said the economic embargo imposed by Washington since 1975 against Vietnam was proving "archaic."

"More and more U.S. legislators, scientists and business executives are coming to visit Vietnam," she said. Mrs. Lan said Lane Evans, head of the Veterans' Affairs Committee of the U.S. House of Representatives, arrived Wednesday to discuss the setting up of an office of Vietnam Veterans of America here to help trace missing U.S. soldiers.

Prospects of Normalization With PRC Viewed

BK0507014591 Bangkok THE NATION in English 5 Jul 91 p A8

[Article by Kawi Chongkitthawon, in Hanoi: "Road Still Rocky for VN-China Ties"]

[Text] China's reaction towards Vietnam in the next few weeks would be crucial, in order to gauge the current level of Sino-Vietnamese friendship.

Some key bilateral issues ranging from a planned exchange visit by a Chinese delegation to a possibility of border trade expansion and security discussions would chart the course of Sino-Vietnamese relations in months, perhaps years ahead.

An immediate issue, according to a top party source, is whether Beijing would want to make fresh initiatives to break the ice since the Sino-Vietnam summit in Chengdu, China's Sichuan Province, last September.

Six months have gone by and Beijing has not yet responded to a Vietnamese inviation to send a delegation to Hanoi to study Vietnam's economic situation. The invitation was extended in January by Vu Oanh, then a member of the Vietnam Communist Party's Secretariat, when he visited Beijing in January this year for a two-week visit to actually get to know and experience China's economic development. At the recent party congress, Oanh was elected a new Politburo member.

The problem is, China's silence has been accompanied by Beijing's repeated assertion of its sovereignty over the Spratly Islands, a disputed area with many claimants. Besides China and Vietnam, Indonesia, Taiwan, Brunei, the Philippines, and Malaysia have all claimed territorial rights to the chain of islands in the South China Sea.

During his visit to Indonesia recently, Chinese President Yang Shangkun stressed that China has the sovereignty over the disputed islands.

The air of mistrust was further compounded when China increased its naval activities around the Spratlys claiming that it wanted to carry out scientific research.

These conspicuous actions have irked Vietnamese leaders as they feel it comes at a time when serious efforts are being made [to] re-establish party-to-party ties with China and at the same time fix their own house in order.

Whether Beijing had any ulterior motives or not, China's increased naval presence around the disputed offshore islands has had some psychological effect on Vietnam's leaders. In fact, their anxiety has been translated into defence preparedness. According to the same party source, Vietnam's defence apparatus has been put under alert ever since China began such naval exercises last month.

It is unlikely that the present heightened suspicions will dissipate soon as the two countries have no plans to hold any talks in the near future. Hanoi has already sent out a feeler. In its greeting message on the occasion of the 70th anniversary of the Chinese Communist Party last week, the Vietnamese Communist Party expressed hope that relations between "the two parties and the two countries would soon be normalized."

Finally, there is the Nguyen Co Thach factor, a thorn in Sino-Vietnamese ties. China might have been pleased, now that the anti-Beijing Thach was edged out from the Politburo and soon due to retire as foreign minister. Thach however cannot be totally written off as he served more than a decade in the Foreign Ministry and was responsible for steering Vietnam's diplomacy towards new horizons. Hence it is inevitable that he would still bear a certain amount of influence in Hanoi's foreign relations.

At the party congress last week, Thach delivered a 40-minute speech outlining the objectives of Vietnam's foreign relations. In it, he traced the changes in superpower relations and global politics. Somehow, he managed to do a broadside on China's diplomacy saying that it was very self-centered.

With that message clearly stated, it was no surprise that the government-controlled media published only parts of Thach's speech that were less controversial.

In more than one way, these three issues reflect the real state of Sino-Vietnamese friendship. They are also interrelated in the sense that any of them could be a pushing or pulling factor in the Sino-Vietnam normalization process, which started two and half years ago.

It was in January 1989 that China and Vietnam began their normalization talks. Since then there have been very little improvements except the much-expected increased border trade and contacts, visits of the Chinese ships at Vietnam's Haiphong Port, exchanges of visits by senior officials and Vietnam's participation in the Asian Games in Beijing last year.

In the past two years, trade in the Vietnamese border areas of Lang Son and Quang Ninh with China have increased. Two-way border trade amounted to hundreds of billions dongs annually. Chinese traders have also travelled to Ho Chi Minh City and other southern provinces while their Vietnamese counterparts have conducted business in Guangdong, Guangxi, Yunnan and the cities of Beijing and Shanghai.

Last year, the normalization effort culminated in a clandestine summit meeting between leaders of the two countries' communist parties. Former party boss Nguyen Van Linh told his host Jiang Zemin that he would be willing to travel to Beijing to meet Chinese paramount leader Deng Xiaoping. But China declined.

As far as the Chinese are concerned, the visit last June by Vice Foreign Minister Xu Dunxin to Hanoi, the first senior Chinese official to set foot in Vietnam since the border conflict between two countries in 1979, would be the first and probably the last in a long time to come.

According to a diplomatic source, Dunxin was "humiliated" by Thach during a discussion on the Cambodian conflict. Thach accused the Chinese of not being flexible in the 12-year-old war and of its hostile attitude towards

Vietnam. The Chinese are the main backers of the radical Khmer Rouge guerrillas while Vietnam is the patron of the Phnom Penh Government led by Hun Sen.

Upon his arrival in Bangkok, Dunxin told Thai officials that Thach was too much of a hardliner and blamed Vietnam for the impasse on the Cambodian problem. Dunxin's bad impression of Thach finally translated into China's pressure-screws being turned to oust the veteran foreign minister.

Now without Thach, what would be the future of Sino-Vietnamese relations? Hanoi-based diplomats think that though Vietnam's China policy would be more friendly, it however would not fundamentally alter ongoing bilateral ties.

Diplomats believe that Sino-Vietnamese normalization would proceed slowly as they are still very suspicious of one another.

However, bilateral relations could be accelerated when China decides to reciprocate by sending an economic delegation to Hanoi soon. During Oanh's visit, Vietnam proposed the establishment of a committee to discuss security issues. Vietnam however did not receive any answer to this proposal.

Without any avenues for a dialogue on security, the dispute in the offshore islands can potentially be far more dangerous than any other bilateral issues. In fact, the dispute has already become a major subject in Sino-Vietnamese relations as the Cambodian conflict no longer poses a formidable barrier between the two countries, with the progress made by the Khmer Supreme National Council (SNC) in Phatthaya recently and the second round of informal SNC talks to be held in Beijing this month.

So far, Hanoi remains cool towards the offshore Spratlys. It has not yet challenged or sought to confront the Chinese naval presence in the disputed areas. If at all it does, it could aggravate their relations and possibly give rise to another Sino-Vietnamese confrontation with far-reaching repercussions in the region.

For the time being, Hanoi's response has been verbal. The Foreign Ministry has intermittently come out with statements reaffirming Vietnam's rights over the Spratly Islands.

Without any framework or dialogue to address this sticky issue between the two countries, any improvement in Sino-Vietnamese ties in the near future is likely to be stalled.

Foreign Ministry Spokeswoman's Press Briefing

BK0407154291 Hanoi VNA in English 1447 GMT 4 Jul 91

[Text] At a regular press briefing here this afternomn, Mrs. Ho The Lan, spokeswoman for the Foreign Ministry, reaffirmed that Vietnam fully supports the appeal to all countries to stop military aid to the Cambodian parties and the transportation of weapons through their territories to Cambodia.

She said: "This conforms to the Febrary 28, 1991 statement of Vietnam. Vietnam pledges not to let other countries transport their weapons through its territory to Cambodia, and is ready to discuss with Laos, Thailand to reach an agreement, bilateral or trilateral, on this issue. We are also prepared to discuss an effective form of international supervision on the implementation of those commitments."

Asked to confirm a news report on the restoration of the diplomatic relations between Vietnam and Morocco, she said: "The Socialist Republic of Vietnam and the Kingdom of Morocco established diplomatic ties in March 27, 1961. After some time of interruption, the foreign ministries of Vietnam and Morocco agreed to restore the diplomatic relations between the two countries at the ambassadorial level as from July 1st, 1991".

On Vietnam's diplomatic activities in the first half of this year, the spokeswoman drew attention to the improved relations between Vietnam and China.

She said: "The normalisation of the Sino-Vietnamese relations is gradually effected. It has proceeded not as quickly as it has been expected by the people of both countries, but it is the best ever seen in the past ten years. Both sides have taken a friendly attitude in settling some specific issues. In particular, the normal and growing trade relations along the common border have testified to the common, durable interests of Vietnam and China, namely peace, friendship, cooperation and development".

She further said: "Vietnam continued to improve its relations with the countries in Western and Northern Europe, Australia, and Canada. Vietnam has accredited its fist ambassador to the European Economic Community".

"In the past six months, exchanges of visits by various ministers of Vietnam and these countries have been made, this creating a favourable climate for the multifaceted cooperation between the two sides on the basis of mutual respect and benefit".

"We highly apperciate the goodwill of international organizations towards Vietnam's current process of renovation."

Importance of Recent SNC Meeting Viewed

BK0307134191 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 29 Jun 91

[Commentary by Duy Thinh in NHAN DAN: "An Important Step in the Search for a Solution to the Cambodian Issue"—date not given]

[Text] The meeting of the Supreme National Council of Cambodia [SNC] under the chairmanship of Prince Sihanouk and with the participation of representatives of the two cochairmen of the Paris International Conference on Cambodia [PICC] and of the UN secretary general—has concluded amid the world's deep concern and expectation.

At this meeting, the Cambodian factions reached an agreement on various important issues. First of all, they unanimously entrusted Prince Sihanouk with the task of convening the SNC and presiding over its future meetings. They also appointed a SNC delegation headed by the

prince to the next UN General Assembly session. They also requested that the prince, on behalf of the SNC, contact the UN secretary general and other international organizations through mail on certain matters.

Thus, the Cambodian factions have tackled the issue on the SNC leadership structure to allow it to begin its operations. This is to facilitate a comprehensive political solution and ensure the Cambodian people's interests are protected at the United Nations and other international organizations. The Cambodian factions have reached agreement on an unlimited cease-fire and pledged to stop receiving foreign military aid beginning 24 June 1991. Meanwhile, the modalities of United Nations control will be examined at the following SNC meetings.

This agreement has created an atmosphere of peace for all the Cambodian factions to continue solving issues that come under the sovereignty of Cambodia. It also satisfies the Cambodian people's earnest desire for an early end to the civil war.

At this meeting, the factions adopted the official flag and anthem of the SNC. The official flags and anthems of the various factions will be maintained until the general elections. Thus, from now till the general elections, the two governments will continue to function administratively in areas under their control.

SNC members have also unanimously agreed to set up a SNC secretariat as well as the SNC headquarters in Phnom Penh and form working groups to study SNC procedures and electoral laws.

The outcome of the SNC meeting in Phatthaya affirms an important step in the development towards a comprehensive political solution to the conflict in Cambodia, which has dragged on for 12 years now.

The agreements reached among the factions further affirm that the Cambodian people are fully capable of solving issues concerning their country's sovereignty without outside intervention, and are able to create conditions for the following SNC meetings to achieve results. These agreements also point to the right direction for the settlement of the Cambodian issue and the way to peace in conformity with the interests of the people in this country and the trend of peace, stability, and cooperation in Southeast Asia.

It is good news that the SNC has begun operating. This is a decisive contribution to enabling the PICC to succeed.

The outcome of the SNC meeting this time has been acknowledged and welcomed by a broad segment of public opinion. However, apart from being elated, the public can also see the difficulties the Cambodian factions must surmount on the road to peace.

We welcome and highly appreciate the agreements reached at the SNC meeting in Phatthaya. Once again, we affirm that we will honor all the decisions of the SNC on issues belonging to Cambodia's sovereignty.

We will do all we can to contribute to reaching, at an early date, a comprehensive political solution to the Cambodian conflict on the basis of respect for this country's sovereignty and in conformity with the UN charter.

Gorbachev Congratulates Do Muoi on Election

BK0307152991 Hanoi VNA in English 1312 GMT 3 Jul 91

[Text] Hanoi VNA July 3—The newly elected General Secretary of the Communist Party of Vietnam Central Committee Do Muoi has received congratulations from his Soviet counterpart Mikhail Gorbachev.

The Soviet party leader said in his message :

"I believe that the time-honoured friendship and cooperation between the Communist Party of the Soviet Union and the Communist Party of Vietnam, between the Soviet and Vietnamese peoples will be further consolidated and developed".

He wished General Secretary Do Muoi, the communist and people of Vietnam success in carrying out the resolution of the Seventh CPV Congress, thus taking the country forward along the path of renovation.

Energy Cooperation With Soviet Union Signed

BK0407151691 Hanoi VNA in English 1444 GMT 4 Jul 91

[Text] Hanoi VNA July 4—From now to 1993, the Soviet Union will continue helping Vietnam complete the installation of all eight generator units of the Hoa Binh hydroelectric power plant, raise the effectiveness of He Tri An Hydro-Electric Power Plant and the Pha Lai Thermal Power Plant.

This is stated in a memorandum on electric energy cooperation between Vietnam and the Soviet Union signed here this afternoon by Le Liem, vice minister of energy, and his Soviet counterpart, A.P. Poddubskiy during the latter's working visit to Vietnam.

1.7 Million Tons of Crude Oil Tapped Jan-Jun

BK0207153391 Hanoi VNA in English 1441 GMT 2 Jul 91

[Text] Petroleum Joint Enterprise (Vietsovpetro) tapped 1,772,200 tons of crude oil. This is 10 per cent above the plan for the first six months and represents 70 percent of the output for the whole of 1990.

Since April, the enterprise has put four more wells and another oil derrick into operation.

UK, Taiwan Companies Set Up Investment Fund

BK0507045091 Hanoi Voice of Vietnam in English 1000 GMT 26 Jun 91

[Text] A Vietnam fund of $30 million was set up by a British financial company and a Taiwanese company. This fund, aimed at investing in different aspects in Vietnam, has captured attention from investors in Australia, Britain, France, Hong Kong, Japan, Malaysia, Singapore, and Switzerland who are ready to join in.

Joint Car Production Venture With Japan, ROK

BK0407061091 Hanoi VNA in English 0546 GMT 4 Jul 91

[Text] Hanoi VNA July 4—A joint venture on assembling and manufacturing cars for home consumption and export has been set up in Ho Chi Minh City with a total investment capital of USD 35,995,000.

The joint venture, named Mekong Corporation, brings together the Heavy Industry Ministry, the Sakyno Company of Ho Chi Minh City, Sae Young International, Inc of South Korea and Saeilo Machinery Japan, Inc. Of the authorized capital of USD 10 million, the foreign companies contribute 70 percent in machines, equipment, technology, materials and cash (USD 1.5 million).

The company's term of operation is 20 years. In the first year it imports engines and parts to assemble lorries, cars, coaches, and specific purpose vehicles.

German Economic Delegation Visits Hanoi

BK0507024591 Hanoi VNA in English 1454 GMT 4 Jul 91

[Text] Hanoi VNA July 4—A group of economic specialists of Germany paid a visit to Vietnam from July 1-3, 1991 as guests of the Vietnam State Commission for Cooperation and Investment.

During their stay here, the German specialists had working sessions with the host commission and other offices concerned in preparation for the signing of an agreement on the investment promotion and protection between Vietnam and Germany.

Construction Firm Wins Contract in Australia

BK0407063291 Hanoi VNA in English 0553 GMT 4 Jul 91

[Text] Hanoi VNA July 4—Sadeco, Saigon Decoration Company under the city construction service recently won a contract to build a fish market and other community projects in Australia worth totally US dollar 2,500,000. [as received]

It has sent 50 workers to Australia to start the construction work designed by the Australian side.

The company has also had partnership with some companies in France, Belgium, Thailand and Hong Kong.

Major Japanese Newspaper Opens Bureau in Hanoi

BK0507070391 Hanoi VNA in English 0559 GMT 5 Jul 91

[Text] Hanoi vna July 5—A major newspaper in Japan, Asahi Shimbun, opened its bureau in Hanoi yesterday.

Present at the inaugural ceremony were, on the Vietnamese side, Deputy Foreign Minister Le Mai and Deputy Minister of Culture, Information-Sports and Tourism Phan Hien.

On the Japanese side were Mr. T. Hitotsuyanagi, former president and Mr. S. Saekim executive editor of Asahi Shimbun, and Janpanese ambassador to Vietnam Hiroyuki Yusita.

Cuban Delegation Visits Ho Chi Minh City

BK0207154391 Hanoi VNA in English 1431 GMT 2 Jul 91

[Text] Hanoi VNA July 2—The delegation of the Communist Party of Cuba [CPC] led by Mrs. Yolanda Ferrer, alternate politburo member of the CPC to the just-concluded Seventh National Congress of the CPV [Communist Party of Vietnam] paid a visit to Ho Chi Minh City from June 29 to July 1st.

The Cuban guests were received on June 30 by Vo Tran Chi, politburo member and secretary of the city party committee.

Improvements Being Made to Port of Saigon

BK0307072991 Hanoi VNA in English 0623 GMT 3 Jul 91

[Text] Hanoi VNA July 3—The Saigon harbour in the first half of this year invested more than Vietnam Dong five billion in purchasing and repairing machines, warehouses and cranes.

As a result, the harbour released 490 ships and handled two million tons of cargo as scheduled. In the second quarter, the harbour handled 1.1 million tons of cargo, topping its plan by 20 percent.

National Assembly 9th Session To Convene in Jul

BK0207155191 Hanoi VNA in English 1434 GMT 2 Jun 91

[Text] Hanoi VNA July 2—The ninth session of the Vietnam National Assembly will be convened in Hanoi in the latter half of July, says a communique of the State Council released at the end of its three-day meeting here from June 29-July 1st.

The next National Assembly session, will, among other things:

—pass a number of laws, including the law on amendments and supplememts to the penal code.

—discuss the draft amendments to the 1980 constitution.

The National Assembly will also hear reports on the implementation of the socio-economic tasks in the first half of this year and on external relations, and decide a number of other important questions.

Measures to step up the fight against corruption will also be high on the agenda.

Vo Van Kiet To Replace Do Muoi as Premier

OW0407113791 Tokyo KYODO in English 1126 GMT 4 Jul 91

[Text] Hanoi, July 4 KYODO—The Vietnamese Communist Party's Politburo will name First Vice Premier Vo Van

Kiet as premier or chairman of the Council of Ministers, party sources said Thursday. He replaces Do Muoi, who became party general secretary at a party convention in late June.

Kiet has achieved economic reforms in southern Vietnam under the leadership of former Communist Party General Secretary Nguyen Van Linh, who stepped down from the party's top post at the convention.

The policy-making Politburo will also appoint Vice Foreign Minister Tran Quang Co as foreign minister to succeed Nguyen Co Thach, and Phan Van Khai, chairman of the State Commission for Planning, as vice premier.

Co, member of the party's decision-making Central Committee, served as Vietnamese ambassador to Thailand and is in charge of dealing with the Cambodian problem in the Foreign Ministry.

The new cabinet lineup will be submitted by the Politburo to the National Assembly, due to be convened later this month for an endorsement, the sources said.

Lt. Gen. Doan Khur, chief of staff of the Vietnamese Armed Forces, will become defense minister to replace Le Duc Anh. The portfolio of interior minister held by Mai Chi Tho will go to First Vice Interior Minister Bui Thien Ngo, according to the sources.

President Vo Chi Cong, who retired from the Politburo at the convention, is likely to serve as head of state by the end of this year, the sources added.

Overseas Vietnamese Increase Investments

BK0507053691 Hanoi Voice of Vietnam in English 1000 GMT 1 Jul 91

[Text] At present there are some 100 companies run by overseas Vietnamese operating in Vietnam. The majority of them are engaged in the export and import business, having a yearly turnover of from $2-3 million each, and some have a turnover as high as $20 million each.

In 1990 the State Committee for Foreign Cooperation and Investment granted 11 projects with a total legal capital of $23,910,000—$9.5 million contributed by overseas Vietnamese.

Initial results have been obtained by several companies. They are:

—The Thien Nong, an insecticide producing company run by a Vietnamese national in Canada with headquarters in Hanoi with a prescribed capital of $150,000;

—Phu Quy, a water distillery company run by a Vietnamese national in the United States with headquarters in Ho Chi Minh City and with a legal capital of $330,000;

—Saigon Petro, a joint venture in oil refining between Vietnamese nationals in Belgium and France and Germany, which had an initial design capacity of 40,000 tons of crude a year and is now producing 200,000 tons of gasoline, kerosene, fuel oil and tar a year.

Another joint venture is Saigon Motor, invested by a Vietnamese national in Japan and the Ho Chi Minh City Municipal Transport Service. This joint venture specializes in importing used cars and spare parts from Japan. The company plans to produce spare parts and accessories in the city.

TOKTEN, is a UNDP [UN Development Program]-financed program undertaken by Vietnamese expatriates to transfer intellectual properties in Vietnam. This program, co-sponsored by a Vietnamese residing in Switzerland and the Institute of Labor Safety under the Federation of Vietnamese Workers began in 1989. Now the program involves a large number of Vietnamese nationals living abroad.

Success, though modest, has also been recorded in the cooperation in the manufacture of electronic products. Several Vietnamese nationals assisted the Liksin printing house in Ho Chi Minh City in using a computer-controlled color printing process Vietnamese nationals in Japan provided the computer center of the State Committee of Sciences in Ho Chi Minh City with some equipment. Encouraging results have also been achieved in other cooperation programs in health care such as the production of anti-smoking drugs, contraceptive drugs and artificial kidneys.

The process of intellectual transfer and economic cooperation between Vietnam and overseas Vietnamese remains low because of a lack of information and poor management of hard currencies by the Vietnamese Government. Anually there is about $500 million sent to Vietnam by overseas Vietnamese. Only one tenth of this amount is transferred through the Vietnam Foreign Trade Bank.

Council of Ministers on Loans to Households

BK0407062891 Hanoi VNA in English 0555 GMT 4 Jul 91

[Text] Hanoi VNA July 4—The Council of Ministers has issued an instruction on the granting of loans by the state bank directly to individual households of farmers, fishermen, lumbermen and salt markers. Each of these households, in the light of the recent 7th party congress, is now considered an "autonomous economic unit."

The interest rates, to be set by the governor of the state bank, will vary according to each occupation, each region, and the profitability of the undertaking. Payments can be made in cash or in kind. The capital for the loans will be raised chiefly through savings deposits of the population.

Army Daily Hails Party Congress Success

BK0407101391 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 27 Jun 91

["Full Text" of QUAN DOI NHAN DAN 28 June Editorial: "The Party's Historical Responsibility for Leading the Country to Surmount New Ordeals and Advance Steadily"]

[Text] The seventh national congress of party delegates who represented the intelligence, will, and aspirations of

more than two million party members and of the people and combatants countrywide, has successfully concluded after four days of active and urgent work in the spirit of wisdom, renovation, democracy, discipline and solidarity.

The delegations of the CPSU, the Lao People's Revolutionary Party, the Kampuchean People's Revolutionary Party and the Communist Party of Cuba have brought warm friendship and solidarity to our party congress and people. Trust and valuable support which our international friends have sent to our party congress in their cordial greetings full of confidence and hope have considerably contributed to the fine success of the seventh party congress.

In response to the confidence and hope of all party members, people and troops, the delegates to the congress debated the draft documents in a very democratic, straightforward, and sincere manner, further enriching the draft documents in terms of both scientific and realistic bases.

The congress decided to approve the Platform for National Construction in the Period of Transition to Socialism, the fundamental contents of the Strategy of Socioeconomic Stabilization and Development of Our Country Until the year 2,000, and the Political Report of the Sixth Party Central Committee Assessing the Results of Implementing the Sixth Party Congress Resolution and the Main Guidelines and Tasks for 1991-95. These three documents were handed over to the Seventh Party Central Committee for revision based on the views expressed at the congress before announcing them.

The congress passed the Sixth Party Central Committee's Report on Party Building and Amending the Party Statutes and the full text of the Amended Party Statutes.

With a deep sense of responsibility for the party building task and to the party's leading organ for the historical duties of the party and nation, the congress elected the new party Central Committee with Comrade Do Muoi as Secretary General. The Seventh Party Central Committee then elected the members of its Political Bureau, Secretariat, and Control Committee.

The seventh party Central Committee and its Political Bureau reflect the continuity, success and the determination to renovate the party cadres at a time of a major leadership transition from one generation to another.

Against the complex background of the current situation in the world and the country, the seventh party congress asserted that under any circumstances, our party and people consistently resolve to follow the socialist path, the path chosen by Uncle Ho, our party, and people. This is the sole and correct path. The sixth party congress line of renovation is correct and has scored some important initial achievements.

The seventh party congress resolves to persistently and positively accelerate the renovation process in a comprehensive, uniform, principled, and steady manner in order to extricate, step by step, the country from the socioeconomic crisis, surmount difficulties, stabilize the situation and march forward.

To fulfill the renovation cause and merit the people's confidence and love, the party must renovate and reorganize itself, enhance its leadership and militancy, and surge forward to keep abreast of the requirements of the two strategic tasks of building and defending the fatherland in the new stage.

In his closing speech at the seventh party congress, Comrade Secretary General Do Muoi asserted that the outstanding result of our congress was the high unanimity in all the major issues concerning the viewpoints and lines of decisive significance to the fate of the country in the period 1991-95 and even for the long-term future.

The seventh party congress has responded to the will and aspirations of our people and combatants throughout the country, and to the expectation and confidence of our friends near and far in the world. The success of the congress was decided by the very fact that cadres, party members, and the people had shared their views on the party's draft documents, by the success of party congresses at all levels, by the movement for revolutionary acts, and by many positive, concrete, and effective works of the people and combatants over the past year or so.

The seventh party congress has successfully concluded today to be a new source of force that mobilizes and encourages all party members, people, and troops to unite and successfully implement the seventh party congress resolutions. The Platform for National Construction in the Period of Transition to Socialism, and other important documents which the seventh party congress recently approved, constitute the combat banner that leads all our party members, people and troops in the struggle for the victory of building Vietnam to advance step by step to socialism and achieve Uncle Ho's great ambition for making the people prosperous and the country strong.

Although the path ahead has favorable conditions and new opportunities, it is also full of difficulties and new ordeals. The party is charged with the great historical responsibility of leading the people to surmount all ordeals, prevail all opportunities, continue to victoriously achieve the renovation process, extricate the country's economy from the crisis, improve the people's living conditions, firmly defend the country, and advance toward successfully building socialism on our beloved country along the set line in the party's platform.

Welcoming the fine success of the seventh party congress, and in light of the seventh party congress resolutions, the Vietnamese people's armed forces pledge to unite closely around the party Central Committee led by Comrade Secretary General Do Muoi, scrupulously organize the implementation of the congress resolutions and turn its decisions into real acts in order to earn their reputation of being the loyal force and the reliable mainstay of the party and the people in building socialism and defending the fatherland and the revolutionary gains.

Bui Xuan Son Statement at CPV Congress

BK0307140791 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 1 Jul 91

["Excerpt" from statement by Bui Xuan Son, head of Ha Nam Ninh Province's Party Organization delegation, on 25 June at Seventh National Congress of Delegates of Communist Party of Vietnam held at Ba Dinh Conference Hall in Hanoi—recorded]

[Text] First of all, our delegation from Ha Nam Ninh would like to express very high unanimity with the various documents presented by the Sixth Central Committee of the Communist Party of Vietnam to the congress, and with the speech by Comrade General Secretary Nguyen Van Linh.

The resolution of the sixth national party congress was implemented against the backdrop of a complex international situation, but we have scored very important achievements in various fields, especially in agricultural production, where fresh progress has been reported. These achievements have an extremely important significance for the stabilization of the socioeconomic situation and the maintenance of political stability. This is an important result of the implementation of the resolution of the sixth national party congress. In this statement, I would like to deal only with the question of strongly shifting agriculture to commodity production and really treating agriculture as the foremost front in the initial stage of the transition period.

Vietnam is a backward agricultural country advancing from small-scale production to socialist construction at a time when science, technology, and industry are developing strongly worldwide. That characteristic has had a fairly strong impact on the socioeconomic development in our country in the initial stage of the transition period. With more than 80 percent of its population engaged in agriculture, our party has always paid attention and attached importance to developing agricultural production in conjunction with building the new countryside and ensuring the peasants' interests and livelihood. This is to continuously consolidate and expand the worker-peasant alliance with the intelligentsia in the advance to socialism and to lay the groundwork for the building of the Vietnamese socialist state.

Looking back at the development of agriculture over the past 30 years and more, we can see that it has experienced ups and downs because of the effects of natural conditions, of the building of material and technical bases such as water conservation projects, communications facilities, and electric power stations, and of the introduction of scientific and technological advances, especially biotechnology, into agriculture. However, the chief cause of these ups and downs have been the readjustments of production relations and productive forces. Every time a readjustment is made, it will lead to new developments requiring prompt examination and review. We should not regard all forms, contents, mechanisms, and policies already set forth in the process of consolidating production relations as something rigid and unalterable. Otherwise, the development of productive forces will be checked. As Lenin puts it, yesterday's strengths, if they unduly persist, will become today's weaknesses.

There are some outstanding problems in agricultural production. Population growth rates have been increasing. In the face of a population explosion, if we fail to manage and use land correctly, the area of arable land available to the laboring people will keep shrinking. On the other hand, industry, small industry, and handicrafts are still in the process of reorganizing their production; some establishments have been dissolved because of their failure to adapt to the market mechanism, causing a sharp increase in the number of unemployed workers or who hold unsteady jobs.

Following the implementation of Council of Minister Decision 176, many laid-off workers have had to go back to live with their families in the countryside and have asked for the return of their cropland to make a living. In addition, tens of thousands of youths of working age, demobilized soldiers, and high-school dropouts, and so forth, have also returned to their birthplaces and asked for land allocations for production. For this reason, if the peasants' egalitarian tendency has resulted in the fragmentation of cropland under the contract policy prescribed by Resolution 10, the pressure created by various work forces will continually increase the dispersion and fragmentation of agricultural production. Moreover, owing to the gradual abolition of the subsidy-based managerial mechanism, the implementation of various social welfare policies in the rural areas has encountered growing difficulties. The ever stronger development of the commodity economy in agriculture and the growing division between the rich and the poor in the countryside have resulted in widening living standards among these families.

Over the past few years, crop yields and output have increased, but not evenly. The production of rice, the main crop, has further developed, but has not brought about any radical change in agriculture. The yields of some subsidiary food crops and industrial plants have increased slowly or remained stagnant. The planning as well as the building of material bases and application of scientific and technological advances to the cultivation of some of these crops have been limited and have failed to create clearly-defined zones of specialized and intensive crop farming. This has resulted in high production costs, raising the prices of some products above those of the same products in the international market, thus making them unexportable.

We have not been able to achieve varied and diversified agricultural production. Our agriculture still retains a pronounced monocultural character and we still have difficulty solving the food problem. Therefore, it is impossible to create a commodity economy in agriculture. Aside from that, many state policies on investment, taxation, and purchase of agricultural products have changed too often. Meanwhile, the regulation of the consumption market, material supplies, and service sector relies fairly heavily on the outside, making it impossible for us to

actively determine an orientation for our agricultural production. Some areas have had to make sudden changes of production orientation, causing the peasants to lose their peace of mind in production and forcing them to act passively in choosing crop cultivation patterns. For this reason, the peasants have not been bold enough in making investment and applying scientific and technological advances to agricultural production in a comprehensive manner.

After contracts with families were authorized, many localities have considered the family as an independent unit in production and business and belittled the regulatory role of the cooperative management board. Many management boards are still heavily inclined toward the state-subsidy system and have not acted boldly to renovate their managerial work to suit the market mechanism. They have sowed confusion, loosened management, given blank-check contracts to cooperative members, and demonstrated the tendency to return to the autarkic economic system. In some localities, the cooperatives remain only in name.

These problems have slowed agricultural development. Therefore, the problem posed for agriculture in the period ahead is for us to renovate organization and management, to strongly shift agriculture to commodity production, and to really consider agriculture as the foremost front. We must continue to examine and correctly assess the real situation of the countryside, of agriculture, and of the peasantry in order to work out necessary policies and measures to step up agricultural production and to build the new countryside. This cannot be done by expressing subjective opinions about agriculture such as pointing to the necessity of going deeply for concentrated, specialized, and intensive farming, or calling for the concentration of cropland, the redivision of labor in agriculture, the application of scientific and technological advances to industrialize the countryside and develop family economy, and so forth.

On the contrary, first of all, in their policy for the overall development of the countryside, agriculture, and the peasantry, the party and state must devise a strategy for commodity production in agriculture. For this reason, we completely agree with the Draft Political Report of the party Central Committee that we must continue to consider agriculture as the foremost front; to develop agriculture, forestry, and fishery in conjunction with processing industry; to develop rural economy in a comprensive manner; and to build the new countryside.

To switch agriculture to commodity production, the first thing the state management must do is to determine the orientation, devise overall projects for each area, and elaborate production plans to create a rational agricultural-forestry-industrial-fishing structure suitable for the ecological conditions of each area. By means of mechanism and policy, it must gradually lead agriculture to intensive and specialized farming and shape highly efficient areas of crop production and livestock raising. At the same time, it must help the peasants widely apply scientific and technological advances to make their work lighter and to create high productivity and great surplus value to cover production costs and provide accumulated capital for expanded reproduction.

Once agriculture is developed, if we want to increase the value of agricultural products we must have an industry to process agricultural products and must develop various small industries and handicrafts to make use of the redundant work force. This is a demand of both production and the redivision of labor in agriculture.

Agriculture itself cannot create a large-scale commodity production system. For it to do so, industry must play a role, the state must lay down policies and take action through the implementation of policies on taxation, investment, and the purchase of agricultural production in conjunction with the application of scientific and technological advances in the production and processing of agricultural commodities. The state must also step up the building of the infrastructure. On the other hand, agriculture must carry out self-renovation by associating itself with the market and seeing to it that agricultural producers are knowledgeable and experienced in commodity production. At the same time, we must strengthen the system of agricultural management organizations, continue to renovate the cooperatives' management mechanism, especially the land management and use mechanism by developing the right to autonomy of cooperative members' families while strengthening the role of the collective economic sector. To this end, on the basis of all-people ownership, the peasants must be granted the right to long-term use of cropland, the right to inherit and transfer it in accordance with the state laws in order to release all productive capabilities in the countryside.

It is necessary to strengthen the role of the collective and cooperative economy while stepping up the shaping and development of the cooperative members' family economy. These are the two economic sectors that coexist, interact, and help each other develop within the framework of their relations of unity in order to strongly push forward agricultural development, commodity production, and the building of the new countryside.

We would like to suggest that the state promptly study the revision and amendment of the current land law to create conditions for the peasants to swap their rights to use cropland, to hire workers, and to promote labor cooperation in accordance with each individual's capabilities. The state should encourage those who have capital, technical knowledge, and managerial experience to organize production and trading activities in different forms in strict accordance with the state laws and the party policies.

Positive and effective actions taken by the state vis-a-vis agriculture will be concrete manifestations of the concept that agriculture is considered as the foremost front. At the same time, they will be a concrete expression of the party's correct policy on the worker-peasant alliance and the intelligentsia.

Role of Science, Technology in Renovation Viewed

BK0507063991 Hanoi VNA in English 0636 GMT 5 Jul 91

[Text] Hanoi VNA July 5—The daily NHAN DAN on July 4 carried an interview with Professor Dang Huu, chairman of the State Commission for Sciences, elaborating the contents of the recent resolution of the Political Bureau of the Communist Party of Vietnam Central Committee on the role of science and technology in the process of renovation. Following are main excerpts of Dang Huu's answers:

Science and technology are not only the motive force for socioeconomic development, but also an important driving force in the whole process of renovation of the country. They also are the basis to consolidate and enhance the party's leadership and vanguard role. To develop science and technology is the task of the entire party, the entire people, as well as of all branches of production and all economic sectors.

The resolution points to the three following fundamental functions of science and technology:

—providing a scientific theoretical basis for charting out the path to socialism in our country, and for the adoption of major decisions at all levels of the party and state leadership,

—acting as a sharp tool to take the productive force to a new and higher level of development, and

—raising the people's intellectual standard, training personnel, fostering talents, and developing the intelligence and creative power of the people.

Of these functions, the first is the most important. Science and technology have been so far regarded only as a tool, not a theoretical basis, hence incorrect and unscientific policies and decisions which resulted in errors and losses. To continue pushing up all-sided renovation, we must deepen our theoretical studies on the orientations of development in order to concretise the platform on socialism construction in the transition period and the strategy on socioeconomic development up to the year 2000. That is the most important task of science, especially social sciences. All policies on socioeconomic management on economic structure, on investment, and all programmes of production must be based on scientific research and must be carefully examined by authorised scientific councils. To step up industrialisation there must be correct policies on technology. The revolution stressed the need to renovate the working style of all branches and levels to make it scientific by relying on a scientific basis. The party policy on science and technology must be one of national development by means of science and technology.

The resolution provides for imperative and fundamental tasks of science and technology in the immediate future as the basis for the plan for the development of science and technology in the 1991-95 period.

To make science and technology a real driving force of the process of renovation, the resolution lays down many important policies and guidelines. First, favourable conditions must be created for scientific and technological development. This requires the setting of democratic norms for scientific activities in order to encourage initiatives and debates to find out the objective truth, to overcome all manifestations of arbitrariness, monopoly and hegemony in science, and encourage competition in the multisector commodity economy through the application of scientific advances, thus constantly broadening the market for science and technology.

On the renovation of the state management of science and technology, Dang Huu said:

The resolution points to the need to work out incentive policies for the study and application of scientific and technological advances to production and life, for the renewal of products and technologies by production and business units in all economic sectors. Renovation in scientific and technological management must go along with renovation in economic management in the direction of strongly encouraging the creative forces in service of socioeconomic development, of continuing to improve the regulations on scientific and technological contracts, on technology transfer, on the distribution of profit brought about by science and technology, of broadening the research institutes' autonomy in finance, planning, organisation and joint ventures. Finally, we must continue to renovate the planning of scientific and technological development and all levels and the managerial mechanism of state-sponsored scientific and technological programmes.

Australia

Hawke Ready To Recognize Croatia, Slovenia

BK0407090091 Melbourne Radio Australia in English 0800 GMT 4 Jul 91

[From the "International Report" program]

[Text] The Australian prime minister, Bob Hawke, says it is quite clear that Yugoslavia cannot be held together under the existing arrangements and Mr. Hawke added that if Slovenia and Croatia come to the point where they have satisfied the requirements of the independent statehood, then Australia would recognize them. More from our national affairs correspondent, Tony Hastings:

[Begin recording] [Hastings] During the Yugoslav crisis the Australian Government has been careful not to support any side, but like the United States and the European Community, Canberra has come to recognize that Yugoslavia's existing federal structure is no longer viable. Prime Minister Bob Hawke also made it clear that the democratic votes for independence by the Slovenians and Croatian people cannot be ignored.

[Hawke] It is quite clear that the movement toward democracy in Slovenia and Croatia has considerable momentum now and that the pre-existing state of Yugoslavia is not going to be able to be held together under the arrangements that have existed to this point. We deeply hope that the relations between what had been the constituent parts of Yugoslavia will be able to be resolved peacefully. (?In short), as far as Australia is concerned, if Slovenia and Croatia come to a point where they satisfy the requirements of independent statehood, then we would recognize them.

[Hastings] Mr. Hawke said he welcomed the European Community's mediation efforts and he said he had been very concerned until the latest cease-fire the Yugoslav Federal Army appeared to be operating beyond civilian control. The prime minister also praised the conduct of Australia's Yugoslav community.

[Hawke] Now I would take this opportunity of congratulating the people in Australia of Yugoslav origin from whatever part of that country they might be from, for the restraint that they have exercised here in Australia. I congratulate them on that, and certainly hope and expect that would continue to be the case.

[Hastings] About a quarter of a million Australians were either born in Yugoslavia or claim Yugoslav ancestry, including about 45,000 Croatians and 7,000 Slovenians. [end recording]

Cook Islands

Opposition MP Vini Defects, Joins Government

BK0307120091 Hong Kong AFP in English 1130 GMT 3 Jul 91

[Text] Avarua, July 2 (AFP)—An opposition member of Parliament Tuesday changed sides and joined the government of Prime Minister Geoffrey Henry.

The defection of Nihi Vini, the MP [memeber of Parliament] for the northern atoll of Penrhyn, gives the government 17 seats to the opposition Democratic Taokotai's seven seats.

Last year another opposition MP, Ben Toma, also switched sides.

Mr. Henry already had a two-thirds majority in the house, enough to change the country's Constitution.

Mr. Vini, who is currently in Australia, notified house speaker Tuti Taringa of his defection in a letter, tabled in Parliament Tuesday.

In the letter he said Mr. Henry had agreed to look after the special needs of Penrhyn, adding that if the validity of his declaration of support to the government was challenged by the majority of Penrhyn islanders he would resign.

The leadership of former prime minister and current opposition leader Pupuke Robati will be considered at a party conference in August.

Deputy opposition leader Terepai Maoate told Cook Islands television Tuesday it was the leaders responsibility to win the confidence of all the members of his team.

Fiji

Malaysia's Mahathir Interviewed During Stopover

BK0507064191 Hong Kong AFP in English 0559 GMT 5 Jul 91

[Text] Nadi, Fiji, July 5 (AFP)—Malaysian Prime Minister Mohamad Mahathir claimed in a bitter attack on the Australian Government Friday that it had "influenced" the Australian Broadcasting Corp.'s (ABC) coverage of the Gulf war.

In comments which revealed a long-suspected hostility towards Canberra, he also accused Australian leaders of telling lies, said he had no respect for them and warned that they should be ready "to have nasty things said about them."

Speaking at a news conference during a stopover enroute back from a tour of South America, Dr. Mahathir said: "We heard the Australian Government influenced the ABC when they were covering news about Saddam Husayn and the Gulf war."

He claimed it could have done the same in the case of a controversial ABC series, Embassy, filmed in Malaysia and Fiji and which is known to have caused deep resentment in Kuala Lumpur.

Canberra had previously responded to Malaysian criticisms about the series, which portrays diplomatic life in a fictional Moslem country, by saying that they had no powers to control the media in Australia.

Dr. Mahathir said he was concerned Canberra had not so far disassociated itself from the ABC series.

"In fact, in many instances the government has described Malaysians as barbarians."

Australia, he said, be ready to take criticisms from him.

"The kind of people who tell lies about other countries in order to make money, we have no respect for them and they mustn't be angry if we protest as much, as they say nasty things about us and expect us to smile and bear it.

"They should be willing to have nasty things said about them."

Dr. Mahathir said it was his "freedom to say what we feel about Australia."

He did not, however, object to Fiji allowing ABC to film part of the series here.

"I don't blame Fiji for it, people were merely using Fiji as a facility and Fiji is entitled to make money from it."

Kuala Lampur wants to assist development in countries like Fiji in Asia/Pacific region because "poor countries can become a problem to their neighbours.

"We've seen that in Vietnam. There are lots of Vietnamese now coming into Malaysia," Dr. Mahathir said.

He would support Fiji's efforts in becoming a central tourist and trade hub in this region. Asked how he intended to develop ties with Suva, he said: "We've no ulterior motives at all. All we want to do is be helpful."

Dr. Mahathir, who in Argentina promised to support the inclusion of South American countries into the Asia Pacific Economic Cooperation (APEC) group, told newsmen his government is studying the prospect of using Fiji as a point into Latin America.

"Fiji's government is attracted to the idea and the aim is to develop Fiji as service port for trade and tourism," he said.

Relations between Australia and Malaysia, already soured by the continuing Embassy television series, have worsened recently following the cancellation of a number of bilateral visits.

Malaysia is known to have been upset by its belief—incorrect in Canberra's view—that Australia often portrays the country in a poor light.

Canberra sources say Prime Minister Bob Hawke and Foreign Minister Gareth Evans would be attending regional and Commonwealth meetings in Kuala Lumpur and in Harare later this year and intended to take the opportunity to discuss the growing rift with Malaysian officials.

The foreign affairs department was considering Dr. Mahathir's comments Friday and expected to respond later.

Kiribati

Teatao Teannaki Sworn in as New President

BK0407073891 Hong Kong AFP in English 0316 GMT 4 Jun 91

[Text] Sydney, July 4 (AFP)—Former Vice-President Teatao Teannaki was sworn in Thursday as president of the Pacific island nation of Kiribati after his close-run election victory Wednesday, the Pacific News Agency reported.

Mr. Teannaki, of the National Progressive Party, received 10,123 votes to 9,162 for his closest rival, Roniti Teiwaki, an independent MP, said PACNEWS quoting Radio Kiribati.

Mr. Teannaki becomes the second head of state since the former colony of the Gilbert Islands gained independence from Britain in 1979.

He had served as vice-president and finance minister under President Ieremia Tabai, who campaigned for him and pledged full support for the new administration.

Mr. Tabai had served three terms as president and was constitutionally barred from seeking election a fourth time.

Only members of parliament can run for president and Wednesday's poll followed legislative elections in May.

Another independent, Bemimina Tinga, received 1,581 votes and former government minister Boanareke Boanareke polled 994.

The presidential election was dominated by the issues of falling copra prices, distribution of aid to outer islands and the setting up of full diplomatic links with the Soviet Union.

New Zealand

U.S. Decision To Sign Protocol Welcomed

BK0407075091 Hong Kong AFP in English 0746 GMT 4 Jul 91

[Text] Wellington, July 4 (AFP)—New Zealand Foreign Minister Don McKinnon Thursday welcomed a United States decision to sign a compromise environmental protocol to the Antarctic Treaty.

The United States had appeared to back out of an agreement reached last week in Madrid by treaty nations, but President George Bush confirmed in a statement Wednesday that Washington would sign the accord.

Mr. McKinnon said the last block to achieving comprehensive environmental protection of Antarctica had been removed, as the protocol the United States would now sign would achieve a ban on mining the continent for at least 50 years.

"Final agreement on a protocol will achieve a return to consensus amongst the treaty parties. This can only be good, for both the protection of the Antarctic environment, and the stability of the treaty system itself," he said.

France Condemned for Knighting Greenpeace Bomber

BK0507094291 Hong Kong AFP in English 0927 GMT 5 Jul 91

[By Michael Field]

[Text] Wellington, July 5 (AFP)—New Zealand's fragile relations with France took a nosedive Friday after it was

revealed that France had awarded a knighthood to one of the agents convicted in the bombing of the Greenpeace ship Rainbow Warrior.

Deputy Prime Minister and Foreign Minister Don Mckinnon said Friday that Paris had made Lieutenant-Colonel Alain Mafart a Knight of the National Order of Merit.

Lt. Col. Mafart, as a major in France's secret service, the DGSE, was part of a team of agents who, on July 10, 1985, blew up the Rainbow Warrior in Auckland Harbour just before it was due to head a protest flotilla to the French nuclear testing site at Mururoa Atoll in French Polynesia.

He and another agent, Dominique Prieur, the only ones to be caught, were tried and sentenced to 10 years in jail but were later exiled to a French South Pacific atoll in a deal between Wellington and Paris.

Mr. Mckinnon's office released the text of an account of the honour from the Paris newspaper LE FIGARO and a government source said he was horrified.

Mr. Mckinnol was also distressed at the way he learnt the news.

The source said the New Zealand embassy in Paris was not told and the news first reached here when French Ambassador Gabriel de Bellescize attended a routine briefing at the Ministry of External Relations and Trade on Thursday.

The source said the ambassador casually mentioned the honour as he was leaving the meeting.

The normally mild Mr. Mckinnon was shocked and angered by the news.

Since assuming office last October he has sought to moderate New Zealand's voice on the world stage. For example, he put a stop to the practice of issuing statements condemning French nuclear tests each time they occurred.

Despite strong pubiic opinion against the move, Mr. Mckinnon argued that New Zealand's position was known and that Wellington would only repeat it each time a particular series of tests took place.

In April, when New Zealand hosted then-prime minister Michel Rocard on the first visit here by a French head of government, Mr. Rocard and Prime Minister Jim Bolger made several speeches stressing that the Rainbow Warrior affair was over.

Mr. Mckinnon said he was "appalled and disgusted" at the honour for Lt. Col. Mafart, which he said was unexpected after the Rocard visit.

"It's an appalling way to treat that situation, and it's taking very casually your international relationships.

" ... When you see it done so blatantly as this, and being given an order obviously for exemplary military service to a person who has pleaded guilty in a New Zealand court, was convicted of manslaughter in a New Zealand court and was sent to jail in New Zealand is frankly disgusting," he said.

Mr. Mckinnon said he would tell the ambassador that New Zealand considered it "highly inappropriate" to give an honour to a "convicted criminal."

Opposition Leader Mike Moore made little secret of his anger. "What they're really saying is that they'd do it again. They're honouring the person and therefore they're honouring the decision, and the decision was one of aggression, almost an act of war upon New Zealand. ... It's bewildering and it's arrogance," he said.

The news of the honour came five days after the sixth anniversary of the sinking and three days after the 25th anniversary of the start of French nuclear testing in the Pacific.

Greenpeace marked the latter anniversary by putting a banner up showing a hall hosting the musical "Les Miserables," replacing the musical's child waif logo with that of a Polynesian girl and the words "C'est Miserable."

Mr. de Bellescize, who on Friday was declining comment, is due to host Bastille Day celebrations on July 14, when Lt. Col Mafart's honour is expected to be officially gazetted.

It is understood that as a result of Friday's news a number of prominent people were declining to attend.

Greenpeace condemned the award, saying in a statement, "far from carrying out an heroic act, Mafart was part of a cowardly and brutal act of state terrorism," which resulted in the death of photographer Fernando Pereira.

"It displays utter contempt, arrogance and disregard for Pereira's family, the New Zealand public and government and all those subject to the tyranny of French nuclear testing in the Pacific."

One of the Rainbow Warrior's crew members, Martin Gotje, was also angry. "I challenge Mafart to show his medal to Fernando's children," he said.

Former Hungarian MiG-21's Offered to Air Force

BK0307114891 Hong Kong AFP in English 1047 GMT 3 Jul 91

[Text] Wellington, July 3 (AFP)—New Zealanders are being offered the chance to buy Mig-21 fighter bombers, a member of an aviation group selling them, Ross Ewing, said Wednesday.

The former Hungarian Air Force planes are available for 157,000 New Zealand dollars (90,432 U.S. dollars), including delivery and ground equipment, he said.

Half a dozen plane collector groups have said they are interested the Mig-21, available in twin or singleseat versions.

The Mig-21 "Fishbed", first conceived in 1953, is capable of Mach-2 flight and has a ceiling of 17,500 metres (57,400 feet). Although regarded as an ordinary aircraft in the west, it would outstrip New Zealand's subsonic Air Force A4 Skyhawk attack jets.

Meanwhile, the sales pitch here has the New Zealand Dairy Board regretting it turned down an earlier offer to trade old Warsaw Pact military equipment.

The board sells butter, cheese and milk powder to the Soviet Union but in recent months has had trouble getting paid.

Bruce Gaffikin, managing director of the dairy board's Soviet trading arm Sovenz, said his company had been offered all sorts of obsolete military equipment, including giant tanks.

Sovenz concentrates on dairy sales to the Soviet Union but sells anything else it can—a recent deal was for condoms. It also imports Soviet goods, including Lada cars and vodka, and sells other Soviet products in foreign countries.

But not military equipment, Mr. Gaffikin said.

"I'm not sure how my board and the dairy board would feel about us becoming international arms dealers," he said.